



# Pay Policy Statement

For all Employees at  
Cheltenham Borough Council

2015/2016



## 1. Purpose

**1.1.** This Pay Policy Statement (The Statement) is provided in accordance with Section 38(1) of the Localism Act 2011 and will be updated annually prior to the commencement of the new financial year.

**1.2.** The Statement sets out Cheltenham Borough Council's (The Council) policies relating to the Pay of its workforce for the financial year 2015-16, in particular: -

- the remuneration of its Chief Officers
- 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

## 2. Definitions

**2.1.** For the purpose of this Pay Policy Statement the following definitions will apply:

- Chief Officers are those as prescribed by the Local Government and Housing Act 1989. That Act states that a Chief Officer is one of the following:
  - Chief Executive
  - Statutory Chief Officers – e.g. Section 151 Officer and Monitoring Officer
  - Non-statutory Chief Officer
- **Lowest paid employees** of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). From 1 April 2014 (subject to the pending annual pay award) the Grade A band will be from £12,614 to £13,725 per annum, made up of 4 incremental pay points.
- **Employees who are not Chief Officers** - refers to all staff not covered under the Chief Officer group detailed above.

## 3. Pay Framework & Remuneration Levels

**3.1.** Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not, nor is seen to be unnecessarily excessive. Each council has responsibility for balancing these factors and each council faces its own unique challenges and opportunities in doing so. Flexibility to cope with various circumstances that may arise is retained by the use of market supplements. (See Market Forces Supplement section below) for individual categories of posts where appropriate.

## 4. Responsibility for Decisions

**4.1.** The Council is a member of the local government employers association for national collective bargaining in respect of Chief Executives, Chief Officers, and all other employees.

Listed below are the separate negotiations and agreements in respect of each of these three groups.

- Chief Executives - Joint Negotiating Committee for Local Authority Chief Executives (ALACE is normally the negotiating body for pay, unless varied locally);
- Chief Officers – Joint Negotiating Committee for Chief Officers of Local Authorities
- All other employees – National Joint Council for local Government Services.

In addition to pay the national agreements cover other terms and conditions such as:

- Pension
- Occupational Sickness Scheme
- Maternity Scheme.
- Overtime

## **5. Grading Framework & Salary Grades**

### **5.1. Grading Framework**

The Chief Executive and Chief Officers have their basic pay determined by a job evaluation scheme (the Hay scheme). All other employees have their basic pay determined by a different job evaluation scheme (the National Joint Council Job Evaluation scheme). Both schemes ensure that different jobs having the same value are paid at the same rate. The “job score” determines the pay grade for the job. With the exception of the Chief Executive who is on a spot salary grade (with no provision for incremental progression nor additional payment on completion of a period of service), all other pay grades have 4 incremental points.

Employees move up one incremental point per year. Annual increments within a pay band shall be payable until the maximum incremental point of the grade is reached subject to the line manager being satisfied that an employee has achieved a suitable standard of performance. Increments may be accelerated or withheld based upon outstanding or poor performance respectively.

Annual increments will be payable on 1 April each year to the maximum of the grade. Employees must have completed a minimum of six months service in their current post to qualify for an increment at 1 April.

For clarity, employees starting in their current post between 1 April and 1 October receive an increment, if applicable, the following April. Employees starting after 1 October and before 1 April receive an increment, if applicable, after six months in the post.

Job evaluation is carried out for all new roles, for roles where a substantial change of duty has occurred, or as required as a result of an equal pay audit. A fair and transparent process is in place for managing job evaluations, which includes Trade Union input, and moderation of evaluation outcomes to ensure consistency of application of the scheme. Equal pay audits are carried out as required.

### **5.2. Shared Posts/Lead Employer**

Where these are agreed and set in place, the costs of any role are appropriately apportioned and recharged via the employment/secondment/management agreement. Such roles, where

the Council is the employer, are evaluated according to the Council's existing job evaluation scheme.

### 5.3. Salary Grades

A full list of the Council's salary grades and associated spinal column pay points can be found in Appendix A.

## 6. Electoral Registration and Returning Officer

The scale of fees for this role is approved by the Gloucestershire Elections Fees Working Party for local elections, or the relevant scales of fees prescribed by a Fees Order in respect of national, regional or European Parliament elections, polls or referendums.

<http://www.legislation.gov.uk>

The fees constitute payments for separate employment and in most cases are eligible for superannuation purposes.

The fees are paid as part of the election account for each election and all costs, including employer superannuation costs, are recovered from the body responsible for the assembly to which candidates are being elected, or for which a poll or referendum is being carried out.

The Electoral Registration and Returning Officer for the Council is the Chief Executive.

## 7. Remuneration - level & element

### 7.1 Chief Officers

Chief Executive*	Chief Executive Level Spot Grade £109,163 p.a.
Deputy Chief Executive	Deputy Chief Executive Level Band £79,419 – £91,794 p.a.
Director	Director Level Band 3 £66,594 - £76,962 p.a. Director Level Band 4 £55,099 - £62,861 p.a.

(\*2014 - 2015 pay award pending)

### 7.2. Non Chief Officers

Employees	11 Grades A to K (see appendix A)
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### 7.3. New Starters Joining the Council

Employees new to the Council will normally be appointed to the first point of the salary range for their grade. Where the candidate's current employment package would make the first point of the salary range unattractive or where the employee already operates at a level commensurate with a higher salary, a higher salary point within the pay grade for the post 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 range. These arrangements apply to all posts up to the level of Chief Officer.

In professions where there is a particular skills shortage, as a temporary arrangement, it may be necessary to consider a market supplement to attract high quality applicants. The level and duration of premium will be determined by reference to a combination of national comparators, local conditions, recruitments difficulties, inflation, and whether the post has recently been advertised and the process has been unsuccessful.

In guidance set out by the Secretary of State states Full Council should be given the opportunity to vote before large salary packages are offered in respect of new appointments. The guidance states a threshold of £100,000 should set. This Council acknowledges this guidance and is committed to seeking Full Council approval for any new appointment in excess of £100,000.

### **7.3. Lowest Paid Employees**

Lowest paid employees of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21, and are paid within Grade A of the Council's Job Evaluation scheme (the lowest band). From 1 January 2015 the Grade A band will be from £13,614 to £14,075 per annum, made up of 4 incremental pay points.

For pay comparison purposes the top of pay grade will always be used.

### **7.4. Relationship between Remuneration of Highest Paid Employee (Chief Officer) and Lowest Paid Employee**

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required. In terms of overall remuneration packages the Council's policy is to differentiate by setting different levels of basic pay to reflect differences in responsibilities but with the exception of overtime payments not to differentiate on other allowances, benefits and payments it makes.

The Council aims to pay no more than median salary levels when looking at market rates, and in the case of senior roles it will seek to maintain pay differentials well within the parameters recommended by the pay and pensions review (1:20). For the Council, using the salary information as at 1<sup>st</sup> January 2015 the current ratio of highest paid to lowest paid is 1:8. The ratio between the highest paid salary and the median paid salary of the Council's workforce is 1:3.7.

<b>Lowest Paid Employee</b> (Top of current salary band Grade A) (Excludes Living Wage Allowance)	£13,614
<b>Mean Paid Employee</b> (Average salary band of all employees up to & including Chief Officers)	£37,202
<b>Median Paid Employee</b> (Middle Salary band value of all employees up to & including Chief Officers)	£29,374
<b>Highest Paid Employee</b>	£109,163

### **7.5. Bonuses**

The Council does not operate any bonus schemes for any chief officer or any other employee.

### **7.6. Performance Related Pay**

Other than incremental progression through the pay grade of a post (see section 5.1) the Council does not operate performance related pay for any chief officer or any other employee.

### **7.7. Pay Protection**

The Council seeks to ensure that all employees receive equal pay for work of equal value. To be consistent with equal pay principles the council's protection arrangements will not create the potential for pay inequalities (e.g. open-ended protection).

There may be times when the grade for an individual's role changes for reasons unrelated to their performance e.g. restructures, In such cases the protection arrangements outlined will apply for 12 months from the date of the change.

### **7.8. Severance Payments**

The Council has a consistent method of calculating severance payments which it applies to all employees without differentiation. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

In line with the statutory redundancy payment scheme, the Council calculates redundancy severance payments using the following calculation. The calculation is based on an employee's age and length of continuous local government service (please note that employees must have a minimum of 2 years' continuous service to qualify for a redundancy payment) the multiplier for the number of weeks is then applied to the employee's actual weekly earnings.

The amount of redundancy pay will be calculated as –

- 0.5 week's pay for **each full year of service** where age at time of redundancy is less than 22 years of age
- 1.0 week's pay for each **full year of service** where age at time of redundancy is 22 years of age or above, but less than 41 years of age
- 1.5 weeks' pay for **each full year of service** where age at time of redundancy is 41+ years of age

The maximum number of year's service taken into account is 20. The maximum number of weeks pay is 30 for anyone aged 61 years of age or older with 20 years or more service.

In guidance set out by the Secretary of State states Full Council should be given the opportunity to vote before large severance packages are offered and arrangements are finalised for employees leaving the organisation. The guidance states a threshold of £100,000 should set. This Council acknowledges this guidance and is committed to seeking Full Council approval for any severance packages (including salary paid in lieu, redundancy compensation, pension entitlements/costs, holiday pay, fees or allowances) offered by the authority in excess of £100,000.

### **7.9. Pension - The Local Government Pension Scheme (LGPS) and policy with regard to the exercise of discretions**

Pension provision is an important part of the remuneration package. All employees may join the LGPS. The LGPS is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the LGPS please visit the following web page:-

<http://www.lgps.org.uk>

For district Councils in Gloucestershire, the LGPS is administered by Gloucestershire County Council. For information please visit the following web page:

<http://www.gloucestershire.gov.uk>

Neither the LGPS nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to all employees of the Council.

The LGPS provides for the exercise of discretion that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that it does not normally enhance pension benefits for any of its employees (see the LGPS Statement of Policy/Discretions on the Council's website). This policy statement reaffirms this in respect all employees.

The LGPS provides for flexible retirement. The LGPS requires a minimum reduction in working hours and/or that there is a reduction in grade and that any consequential payments to the pension fund are recoverable within a set pay back period. (See section below)

#### **7.10. Early/Flexible Retirements**

The precise terms of the Council's policy are discretionary and may be varied unilaterally.

Subject to the criteria of the policy and service delivery needs being met, any employee over the age of 55 and who is a member of the Local Government Pension Scheme (LGPS) can request to either reduce their hours or take a job at a lower grade/rate of pay and gain access to their pension even though they have not retired.

It is the intention of the Council that this facility be used in order to provide employees with the opportunity to take a one-off step towards permanent retirement. Any agreed requests will be treated as a permanent change to an employee's contract of employment.

#### **7.11. Honorarium Payments**

The Council has a responsibility to ensure equal pay for all employees and so the use of honoraria payments should be carefully considered, and be capable of justification. A payment can be made for the following reasons:-

- To recognise a *specific* contribution that an employee has made by making a single payment to him/her,

**Or**

- To recognise that an employee is temporarily undertaking some but not all the additional responsibility of a higher graded role for a continuous period of at least four weeks by making a regular monthly payment to them during that temporary period.

#### **7.12. Acting up Allowances**

'Acting Up' is when an employee is authorised by their line manager to provide cover for a more highly graded post for an agreed period of time.

The payment ('acting up' allowance) is a temporary payment and will be made to the individual employee for covering the duties of the higher graded job for the agreed period of time. The policy applies to all employees. The supplement to be paid will be the difference between the employee's current salary and depending on experience up to the second scale point of the grade relating to the higher level post. The payment will cease on completion of the 'acting up' period and the employee's salary will revert to that which it would have been had 'acting up' not occurred.

### **7.13. Market Forces Supplement**

The Council is committed to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.

In exceptional circumstances it may be necessary to ensure the effective recruitment and retention of employees and to pay individuals and/or groups of employees a premium rate to reflect the market competitiveness of the job. Any market supplement must be provided for from within existing budgets and be objectively justifiable. The job evaluation determined grade for that post will not be changed. Market supplements will be paid as a temporary fixed allowance. The supplements will be reviewed annually and consequently can be withdrawn, should the review demonstrate that current evidence does not justify a supplementary payment continuing. Should such a supplement continue to be paid for an extended period, e.g. several years or more, the need for continuation will be examined carefully during the annual review in order to ensure that such continuation continues to be objectively justifiable in the circumstances.

## **8. Reimbursement of Expenses**

### **8.1 Travel & Subsistence**

The Council will meet or reimburse authorised travel and subsistence costs for attendance at approved business meetings and training events. Claims should be submitted via the agreed process, be supported by appropriate receipts in all cases and authorised by the appropriate line manager.

The Council pays the HMRC mileage rate of 45 pence per business mile.

The Council does not regard such costs as remuneration but as non-pay operational costs.

### **8.2 Disturbance Allowance**

All employees who incur additional costs arising from a compulsory change in their work place will be reimbursed in accordance with the Council's Disturbance Allowance policy. Claims should be submitted via the agreed process, be supported by appropriate receipts in all cases and authorised by the appropriate line manager. The Council does not regard such costs as remuneration but as non-pay operational costs.

### **8.3. Relocation Expenses**

The Council operates a scheme of relocation allowances to assist new employees who need to move in order to take up an appointment with the Council. Relocation allowances are paid at the discretion of the Directors (or Appointment Committee for Chief Officers and above) where they think that it is essential to pay such allowances in order to attract the right candidate for the job.



The same policy applies to Chief Executive, Chief Officers and other employees in that payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area. The costs include estate agents fees, legal fees, stamp duty, storage and removal costs, short term rental etc up to the value of £8,000.(including VAT). An employee who leaves within 2 years of appointment will have to make a repayment of 1/24<sup>th</sup> for each month short of the 2 year period.

#### 8.4. Professional Fees & Subscriptions

The Council meets the cost of one annual professional membership body fee or subscription where it is a statutory requirement for the role and where applicable meets the cost of membership of SOLACE (Society of Local Authority Chief Executives).

### 9. Re-employment of Former Council Employees

With regards to re-employing former local government employees who have been made redundant, in line with LGA guidance **if there is less than a 4 week gap between the date the employee was made redundant from the Council/a body under the modification order and the date of joining/re-joining a Council the employee will be required to repay their redundancy payment to their previous employer as continuity of service will be protected and their employment classed as continuous.** If the gap is longer than 4 weeks the employee can retain their payment as continuity of service will have been broken and continuous service will not be protected.

### 10. The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.

The Council notes the discretion and confirms that it will not make use of this discretionary power.

### 11. Trade Union Recognition and Facility Time

The Council supports the system of collective bargaining and the principle of solving employee relations problems by discussion and agreement.

The Council recognises two trade unions for collective bargaining purposes. These are GMB and Unison. All parties recognise that it is vital to good employee relations for the workforce to be properly represented. Furthermore all parties believe that a truly representative and effective union will enhance workforce employee relations.

The Trade Union and Labour Relations (Consolidation) Act 1992 sections 168 and 170 make provision for employees to be given the right to take reasonable time off under various circumstances. Trade Union representatives engaged on recognised duties will be given reasonable paid time off during normal working hours to carry out functions related to their representational responsibilities. The table below contains the estimated amount of reasonable time permitted for TU activity/duties over a normal business year.

Activity/Duty	Estimated Hours per week	No of Reps	Total Estimated time per business year.*
Case Management & Advice to Membership	Average 1 hours per week	4	188 hours
Training	Average 0.5 hours	4	94 hours

	per week		
Health and Safety	Average of 1 hours per week	2	94 hours
Corporate meetings, TU meetings and prep time	Average 0.5 hours per week	4	94 hours
<b>Estimated Total Hours</b>			<b>470 hours</b>

<b>Estimated Average Total Hours per TU Rep Per Week</b>	<b>2.5 hours per week</b>
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\*business year assumes TU reps each have 25 days annual leave. Calculation based on 47 weeks per year)

**The Council does not have any full time trade union representatives in its employment.**

## 12. National Minimum Wage/Living Wage

**The National Minimum Wage (NMW)** is a legal requirement that applies to most workers in the UK over school leaving age. The NMW rates are reviewed each year by the Low Pay commission.

**The NMW rates from 1 October 2014 are:**

- £6.50 (per hour) for workers 21 years of age and over
- £5.13 (per hour) 18 - 20 years of age
- £3.79 (per hour) for 16-17 years of age, who are above school leaving age but under 18 years of age
- £2.73 (per hour) for apprentices under 19 or 19 years of age or over who are in the first year of apprenticeship. All other apprentices are entitled to the NMW for their age.

**The Living Wage (LW)** is not a legal requirement but a recommended hourly rate set independently and updated annually. The UK Living Wage is calculated by the Centre for Research in Social Policy whilst the London Living Wage is calculated by the Greater London Authority and is based according to the basic cost of living in the UK.

Employers can *choose* to pay the LW on a voluntary basis.

**The Living Wage rates for 2014-15 are:**

- £7.85 hour UK rate outside London
- £9.15 hour UK rate for London

The Council's comparative Grade hourly rate is Grade B scp 11, £7.88. Grade A being used as a stepping stone grade from Apprentice to trainee role. The employees on Grade A are usually under 21. The majority of the Council's employees are on Grade B and above.

As at the 1<sup>st</sup> October 2014, the Council has chosen to pay the Living Wage Hourly rate (£7.85) to **all eligible employees** on scp 6 – scp 10 by way of an additional Living Wage Allowance. The Council will review its decision to pay the Living Wage annually at the Budget Setting Council meeting.

## 13. Other operational/non-operational pay and conditions

Other pay and conditions in operation, as follows:

- Shift premium
- Stand by and call out payments
- Premium for bank holiday/public holiday working
- Long Service Award
- Enhanced Leave – buy or sell up to an additional 5 days leave.
- Childcare Vouchers Salary Sacrifice Scheme
- Training Fees Reimbursement (post entry training scheme)
- Employee Welfare Service
- Eye Test Voucher Scheme

#### **14. Publication and access to information**

The publication of and access to information relating to remuneration of the Council's Chief Officers will be published annually on the Council's Website.

**Please contact GO Shared Service HR & Payroll Business Centre Team on 01242 77 5164 or email [jobs@cheltenham.gov.uk](mailto:jobs@cheltenham.gov.uk) for more information about this Statement and/or its contents.**

Please note all HR policies referred to in this statement are available on request.