

## **COUNCIL**

**25 FEBRUARY 2016**

### **PAY POLICY STATEMENT 2016/2017**

Report from: Tricia Palmer, Assistant Director, Organisational Services

Author: Carrie McKenzie, Head of HR and Organisational Change

#### **Summary**

To seek approval to the Pay Policy Statement for the financial year 2016/2017 in accordance with the Localism Act 2011.

#### **1. Budget and Policy Framework**

1.1 Section 38(1) of the Localism Act 2011 (the Act) requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that.

#### **2. Background**

2.1 The Act requires Medway Council to compare the policies on remunerating chief officers and other employees, and to set out policy on the lowest paid.

2.2 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, increases, enhancements of pension entitlements etc, and termination payments.

2.3 The Act does not apply to local authority schools, academies, foundation or voluntary aided schools.

2.4 The Pay Policy Statement for 2016/2017 for Medway Council is attached as appendix one.

2.5 Guidance has been produced by the Department for Communities and Local Government and South Eastern Employers. The guidance has been taken into account in formulating this pay policy statement.

2.6 The pay policy statement must be approved by a resolution of Full Council before it comes into force and has to be prepared and approved before 31 March 2016 for the following financial year. It may only be amended (including after the beginning of the financial year to which it relates) by Full Council.

2.7 Section five of the Pay Policy Statement 2016/2017 includes reference to other employment-related policies that have been agreed by the Employment Matters Committee. Any amendment to these policies that do not affect the pay policy statement will be agreed by the Employment Matters Committee as part of the normal approval process.

### **3. Advice and analysis**

3.1 The equal application of the council's remuneration policies across all levels of the organisation as detailed within the council's Pay Policy Statement 2016/2017 is a positive reflection of the council's attitude toward rewarding and recognising staff contribution. The main exception to this would be the special allowance awarded to senior managers.

3.2 The salaries of Assistant Directors and above are published in the Statement of Accounts and on the council's website each year.

3.3 The policy statement covers remuneration policies relating to both the highest earners in the council and the lowest earners. Those covered specifically are the Chief Executive, Director's, Deputy Directors, Assistant Directors, Monitoring Officer and Section 151 Officer. In terms of the lowest paid, the policy refers to those at Range 1, this being the lowest range on the pay structure.

3.4 The policy statement allows for sufficient flexibility to cope with changes in circumstances (unforeseen or otherwise) by providing schemes such as those that enable a market premia payment to be made and also the scheme for awarding "acting-up" or additional duties payments.

3.5 Content of the Pay Policy Statement

3.5.1 The following analysis highlights the matters that must be included in the Pay Policy Statement:

(i) the council's policy on the level and elements of remuneration for Assistant Directors and above. This is set out in section two (pages 3-9) of the policy.

(ii) the council's policy on other specific aspects of chief officers' remuneration, e.g. remuneration on recruitment, increases and additions to remuneration, any use of performance related pay and bonuses, termination payments and transparency. This is also set out in section two of the policy.

(iii) the council's policy on the remuneration of its lowest paid employees (together with its definition of "lowest paid employees" and its reasons for adopting that definition). This is set out in section 3 (pages 9 - 13)

Note: Both sections two and three set out the remuneration packages appropriate to that particular level of staff. Both sections include a table setting out the elements of the remuneration package and highlight's any differences between the two levels. By comparing both tables, it can be noted that the differences are minimal. This re-enforces the message that the council does not differentiate significantly between senior and lower levels of personnel in terms of its application of pay and reward policies.

(iv) the council's policy on the relationship between the remuneration of Assistant Directors and above and other officers. This is set out in section 4 (page 14).

Note: The statutory guidance advises that the way of measuring pay relationships is to use a pay multiple. Will Hutton's 2011 *Review of Fair Pay in the Public Sector* supported the idea of publishing the ratio of the pay of an organisations top earner to that of its median earner, and tracking it over time. The government has recommended the adoption of such a multiple in its code of recommended practice on data transparency and has gone further in its statutory guidance on pay policy statements.

The pay multiplier for the council, calculated on the ratio of the top earner to that of its median earner for December 2015 equates to 5.99.

The Hutton report also recommended a separate measurement, where the top earning salary should equal no more than 20 times that of the lowest earning salary. The council's ratio at December 2015 was 11.12.

3.5.2 As well as prescribing mandatory content, the Act also states that the pay policy statement:

(i) can be amended in-year. This is set out in section seven (page 20)

(ii) must be published on the council's website. It is proposed that the policy be published on [medway.gov.uk](http://medway.gov.uk) and on *Just4you*. This is set out in section eight of the policy (pages 20 – 21).

(iii) must be complied with when the authority sets the terms and conditions for Assistant Directors and above.

3.5.3 Section five identifies the remuneration policies that are applied across the workforce and where there is no status distinction. Whilst not mandatory, this section has been included intentionally. By indication that the majority of reward policies apply to all employees in the same way may allay concerns about any perceived generosity of senior recruitment within the council.

#### **4. Consultation**

- 4.1 The Pay Policy Statement 2016/2017 has not been subject to consultation as there have been no changes made.

#### **5. Employment Matters Committee**

- 5.1 The Employment Matters Committee considered this report on 3 March 2016. At this meeting, the Assistant Director, Organisational Services introduced the report which provided the Pay Policy Statement for 2016/17, ahead of its consideration at Full Council. She referred to the relationship between remuneration of Assistant Directors and above and other officers and confirmed the ratio of the pay of the highest and lowest paid member of staff was 11.12, which was a reduction from the 12.3 ratio of 2015/16 and was well below the recommendation from the Will Hutton Review of Fair Pay in the Public Sector, which suggested this ratio should be no more than 20.
- 5.2 The Committee noted the Pay Policy Statement 2016/17, as set out at Appendix 1 to the report, and referred the statement to Full Council for agreement.

#### **6. Risk Management**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Failure to comply with s38 (1) of the Localism Act 2011	The council is exposed to legal and reputational challenge	Present the policy to EMC in February each year for referral to Full Council.	E3

#### **7. Diversity Impact Assessment (DIA)**

- 7.1 A Diversity Impact screening has been undertaken and it is considered that a full DIA is not required. The DIA is attached at Appendix 2 to the report.

#### **8. Financial and legal implications**

- 8.1 The Council is statutorily bound by the Localism Act 2011 to produce this policy statement.
- 8.2 There are no additional financial risks as the pay policy statement highlights policies that have already been agreed by Members and are in operation.

## **9. Recommendation**

- 9.1 That the Council approves the Pay Policy Statement 2016/17 as set out in Appendix 1 to the report.

### **Lead officer contact**

Carrie McKenzie, Head of HR and Organisational Change 01634 332261  
[carrie.mckenzie@medway.gov.uk](mailto:carrie.mckenzie@medway.gov.uk)

### **Background papers**

Joint Negotiating Committee for Chief Executives of Local Authorities, Localism Act: Pay Policy statements, Guidance for Local Authority Chief Executives 25 November 2011 and 12 January 2012.

The Hutton Report, *Review of Fair Play in the Public Sector*  
[http://www.hm-treasury.gov.uk/indreview\\_will\\_hutton\\_easyread.htm](http://www.hm-treasury.gov.uk/indreview_will_hutton_easyread.htm)

The Code of Recommended Practice for Local Authorities on Data Transparency

### **Appendices:**

Appendix 1 - Pay Policy Statement 2016/17  
Appendix 2 - Diversity Impact Assessment



Appendix 1



# Pay Policy Statement 2016/17

## February 2016



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## **Section one: Introduction**

### **1.1 Source and scope of policy statement**

- 1.2 This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), which, from 2012 onwards, require local authorities to publish an annual statement of their policy for the relevant financial year in relation to the:
- remuneration of their most senior employees (which the Act defines as the head of paid service (Chief Executive), the Monitoring Officer, the Chief Officers (or Directors), and the Deputy Chief Officers (i.e. Deputy Directors, Assistant Directors));
  - remuneration of their lowest-paid employees; and
  - the relationship between the remuneration of the most senior employees and that of other employees.
- 1.3 The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, which local authorities must have regard to in preparing and approving their annual pay policy statements and the council's statement takes full account of this guidance as well as the provisions of the Act.
- 1.4 It also takes account of:
- The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government in September 2011;
  - guidance issued by the Joint National Council (JNC) for Local Authority Chief Executives on pay policy statements, published in November 2011; and
  - employment and equalities legislation affecting local authority employers, where relevant.

### **1.5 Status of policy statement**

- 1.6 Section 41 of the Act makes it clear that the council must comply with this pay policy statement during the financial year 2016/2017.
- 1.7 The pay policy statement will be reviewed on an annual basis, and a new version of the policy will be approved before the start of each subsequent financial year, which will need to be complied with during that year.
- 1.8 The pay policy statement can also be amended during the course of any financial year, but only by a resolution of the full council. If it is amended during the year to which it relates, the revised version of the statement will be published as soon as reasonably possible after the amendment is approved by the council.

## **1.9 Transparency and autonomy**

- 1.10 The council recognises and welcomes the aim behind this pay policy statement to ensure that the authority's approach to pay is accessible for citizens and to enable local taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.
- 1.11 It also welcomes the government's recognition that each local authority remains an individual employer in its own right, and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and deliver value for money for local taxpayers.

## **Section two: Remuneration of the Chief Executive, Directors, Deputy Directors, Assistant Directors, Monitoring Officer and Section 151 Officer**

### **2.1 Remuneration covered in this section of the policy**

2.2 This section covers the council's policies in relation to the remuneration of its senior employees, including:

- the Chief Executive;
- the Directors who report to and are directly accountable to the Chief Executive,
- the Deputy Directors and Assistant Directors who report to and are directly accountable to the Chief Executive and Directors.
- The Section 151 Officer (i.e. the officer responsible for ensuring lawfulness and financial prudence of decision making and the administration of the financial affairs of the council)
- and Monitoring Officer (i.e. the officer responsible for ensuring the council's compliance with the law in all its activities);

### **2.3 Overall policy on remuneration for senior roles**

2.4 The council's overall approach to remuneration for its senior employees is based on:

- compliance with equal pay, discrimination and other relevant employment legislation, plus
- ensuring that its remuneration package for senior roles mirrors the overall pay policy for the council resulting in a fair and equitable system. Whilst, at the same time, taking account of market factors and the need to reward significant additional responsibility.

2.5 The council seeks to maintain this overall approach by carefully monitoring pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives, the Local Government Association/Employers, and other pay surveys.

2.6 In terms of pay differentials, the council recognises that the role of Chief Executive leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation.

### **2.7 At Director level:**

2.7.1 The council recognises that its Directors have a collective and corporate responsibility for contributing to and delivering the overall strategy of the organisation, and therefore offers the same level of remuneration to all Directors.

2.8 Below Director level, the council recognises that the demands on and accountabilities of different management roles vary considerably, and seeks to align pay levels with the relative importance and responsibilities of jobs using a process of job evaluation.

## **2.9 The remuneration offered to senior employees**

2.10 At Chief Executive, Director, Deputy Director, Assistant Director, Section 151 Officer and Monitoring Officer level, the council offers an annual salary, access to the Local Government Pension Scheme and a range of other benefits, as detailed below.

## **2.11 Annual salaries:**

2.12 Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.4, above. At Chief Executive, Director, Deputy Director, Assistant Director, Section 151 Officer and Monitoring Officer level, they consist of a pay range which is determined locally by the council. Assistant Directors and above are also paid an additional Special Allowance payment as set out in paragraph 2.26 (c).

## **2.12 Remuneration of senior employees on recruitment**

2.14 The council's policy is that any newly appointed senior employee will commence employment at the lowest pay point possible in the pay range for their job taking account of their current remuneration and market factors.

2.15 The decision on which pay point to appoint an Assistant Director or above would be made by the appointing committee, unless the committee delegates the responsibility for such negotiations to the Chief Executive at the time of appointment.

2.16 The appointing salary of the Chief Executive will be agreed by the appointing committee or the Chair of the committee if negotiations are required.

## **2.17 Pay progression**

2.18 Pay progression is in accordance with the council MedPay scheme payable from 1 April each year.

2.19 Pay progression is based on a MedPay pay progression assessment of performance/competency through a Performance Development Review (PDR).

2.20 The council's MedPay scheme sets out the standards/criteria which must be met in order for an employee to receive any pay progression, the roles and responsibilities of managers and employees in this process and the monitoring and review arrangements to ensure this is applied fairly and equitably across the council.

2.21 Any assessment of wider contribution must be agreed by the relevant Director, Chief Executive, and Assistant Director, Organisational Services, in consultation with the Portfolio Holder, Finance.

## **2.22 Pay awards**

- 2.23 The council will review the salaries of senior employees annually/periodically in the light of pay movements and other changes in the economy to determine whether any pay award is necessary to maintain its overall market position on pay for its managers.

## **2.24 Market supplements**

- 2.25 The council recognises that pressures in the national or regional labour market can mean that pay levels for a particular category of manager in a particular function can be such that the council's normal pay level would not be sufficiently competitive to enable it to recruit or retain a manager in that function. In that case, the council's market supplement policy will be applied – see Section five 'Policies common to all employees'.

## **2.26 Local Government Pension Scheme (LGPS)**

- 2.27 The council offers all its senior employees' access to the Local Government Pension Scheme (LGPS), in accordance with the statutory provisions of the scheme, on the same basis as all of its employees. Any pension payments made to its senior employees on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS.
- 2.28 See Section 5 'Policies common to all employees' for the contribution rate for each participating employee who joins the scheme.
- 2.29 The discretions which the council is able to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members and are attached as appendix one.

## **2.30 Payments on Termination of Employment**

- 2.31 Other than payments made under the LGPS, the council's payments to managers whose employment is terminated on grounds of redundancy will be in accordance with the policy the council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as set out in Section 5 'Policies common to all employees'.
- 2.32 Other than payments pursuant to the LGPS (including the exercise of the council's discretions) or payments in accordance with the council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the council's policy is not to make any other termination payments to its senior employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the council.

### 2.33 Other elements of remuneration

2.34 The other elements of remuneration which it is the council's policy to offer is set out in the table below. Each element offered is then described in more detail below the table.

Element of Remuneration	Chief Executive/ Head of Paid Service	Director/Deputy Director	Assistant Director	Monitoring Officer & Section 151 Officer
Recruitment payments	N/A	N/A	N/A	N/A
Reimbursement of removal/ relocation costs on appointment	Applicable to all employees.			
Retention payments	N/A	N/A	N/A	N/A
Mortgage subsidy	N/A	N/A	N/A	N/A
Geographical/location allowance	N/A	N/A	N/A	N/A
Non-consolidated performance/contribution payments	N/A	N/A	N/A	N/A
Honorarium or <i>ex gratia</i> payments	N/A	N/A	N/A	N/A
Acting-up/additional responsibility payments	Applicable to all employees.			
Other bonuses	N/A	N/A	N/A	N/A
Car provision	Details of provision for senior managers is shown in para.2.39 (c) overleaf.			
Mileage rates	Paid at NJC petrol-only rate.			
Private medical insurance	Details of provision for senior managers is shown in para.2.39 (c) overleaf.			
Health screening	N/A	N/A	N/A	N/A
Payment of professional subscriptions or membership fees	Applicable to all employees.			
Subsistence or other expenses allowance				
Lump sum payments	N/A	N/A	N/A	N/A
Provision of mobile telephones	Applicable to all employees.			
Provision of landline telephones	N/A	N/A	N/A	N/A
Provision of IT equipment or facilities	N/A	N/A	N/A	N/A
Homeworking allowance (or equivalent)	N/A	N/A	N/A	N/A
Childcare	N/A			
Subsidised staff catering facility	N/A	N/A	N/A	N/A
Discounted loans	Applicable to all employees			
Staff discount scheme	Applicable to all employees.			
Payment for reduced leave entitlement	N/A	N/A	N/A	N/A
Election fees	N/A	N/A	N/A	N/A
Other fees	N/A	N/A	N/A	N/A
Other allowances (if any)	N/A	N/A	N/A	N/A

Note: N/A denotes there is no payment to any employee for these provisions.

**2.35 Reimbursement of removal/relocation costs on appointment**

2.36 This policy is set out in Section 5 'Policies common to all employees'.

**2.37 Acting-up/additional responsibility payments**

2.38 This policy is set out in Section 5 'Policies common to all employees'.

**2.39 Car provision and Private Medical Insurance**

2.40 The council pays an annual Special Allowance to senior officers (subject to statutory deductions), from which officers are expected to provide a vehicle and insure it for use on council business.

The amount varies depending on seniority as follows:

-	Chief Executive	£8397.00
-	Director	£7530.00
-	Deputy Director	£5213.00
-	Assistant Director	£5213.00
-	Monitoring Officer	£5213.00
-	Section 151 Officer	£5213.00

2.41 The Special Allowance also covers costs should officers wish to provide themselves with private medical health insurance.

**2.42 Mileage rates**

2.43 Details of mileage rates are set out in Section 5 'Policies common to all employees'. Mileage is paid at the NJC petrol-only rates.

**2.44 Payment of professional subscriptions or membership fees**

2.45 Details of the scheme are set out in Section 5 'Policies common to all employees'.

**2.46 Subsistence or other expenses allowance**

2.47 Details of the scheme are set out in Section 5 'Policies common to all employees'.

**2.48 Provision of mobile telephones**

2.49 Details of the scheme are set out in Section 5 'Policies common to all employees'.

**2.50 Provision of discounted loans**

2.51 Details of the various interest-free loan schemes to encourage green travel is set out in Section 5 'Policies common to all employees'.

**2.52 Staff discount scheme**

2.53 Details of the scheme are set out in Section 5 'Policies common to all employees'.

## **2.54 Re-engagement of Assistant Directors and above**

2.55 Re-engagement of Assistant Directors and above who have left the council with a severance or termination payment:

## **2.56 Re-engagement as employees**

2.57 Subject to any relevant provisions in employment and equalities legislation, the council's policy is not to re-employ any former Chief Executive, Director, Deputy Director or Assistant Director who has been dismissed from the council for any reason other than redundancy.

2.58 Any senior officer who wishes to be re-engaged to another post following either voluntary or compulsory redundancy would be subject to the conditions for re-engagement as detailed in paragraph 16.2 of the council's Organisational Change Policy as follows:

Employees who are dismissed on the grounds of redundancy and who have received a redundancy payment are unable to take up another post with Medway Council within the amount of week's redundancy payment they have been paid, the minimum amount of weeks being four weeks.

2.59 Any former senior officer who is employed by the council who has previously received a severance, termination or redundancy payment from this or any other council or related body will not have previous service counted when determining any further entitlements to notice periods, sickness payments, annual leave or other benefits/entitlements based on continuous service (as applies to all other staff).

## **2.60 Re-engagement under a contract for services**

2.61 The council's policy is not to re-engage under a contract for services any former Chief Executive, Director, Deputy Director or Assistant Director who left the council for any reason and was in receipt of a redundancy, severance or termination payment. This policy may be varied in exceptional circumstances which are approved by the Chief Executive and Assistant Director, Organisational Services.

## **2.62 Employment of those in receipt of an LGPS pension**

2.63 Details are set out in Section 5 'Policies common to all employees'.

## **2.64 Flexible retirement:**

2.65 The LGPS regulations permit the council to offer flexible retirement to employees (including Assistant Directors and above) aged 55 or over, so that they can reduce their hours of work, and receive a pension in respect of the proportion of full-time hours they are no longer required to work.

2.66 The council's policy statement on Flexible Retirement is set out in Section 5 'Policies common to all employees'.



## **2.67 Publication of details of employee remuneration**

- 2.68 In accordance with Section 39 (5) of the Localism Act, this policy will be published on the council's website [medway.gov.uk](http://medway.gov.uk)
- 2.69 The council is also required to publish information about the remuneration of senior officers under The Accounts and Audit (Amendment No. 2) (England) Regulations 2009, and the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980.
- 2.70 This latter information can be obtained via the Statement of Accounts page on [Medway.gov.uk](http://Medway.gov.uk).

## **Section three: Remuneration of lowest paid employees**

- 3.1 This section sets out the council's policies in relation to the remuneration of its lowest-paid employees, as defined in this pay policy statement.

### **3.2 Definition of lowest paid employees**

- 3.3 The definition of the "lowest-paid employees" adopted by the council for the purposes of this statement is as follows:

- 3.4 The lowest paid employees within the council are those substantive employees who are paid on the minimum salary range of the council's substantive pay structure, i.e. Range 1.

- 3.5 The council considers this to be the most appropriate definition as this is the lowest pay point /pay level on its substantive pay structure and which normally applies to new entrants to the lowest graded jobs within the organisation.

### **3.6 Remuneration of lowest paid employees**

- 3.7 For the purposes of this policy statement, remuneration includes the employee's basic annual salary and any bonuses, allowances or other similar payments, benefits in kind, any increases or enhancements to any pension entitlement and any termination or other severance payments.

### **3.8 Pay structure**

- 3.9 The basic pay of the council's lowest paid employees comprises a pay range derived locally. Pay progression is in accordance with the council's MedPay scheme. The council's MedPay scheme sets out the standards/criteria which must be met in order for an employee to receive any pay progression, the roles and responsibilities of managers and employees in this process and the monitoring and review arrangements to ensure this is applied fairly and equitably across the council.

### **3.10 Pay Progression**

- 3.11 Pay progression is in accordance with the council MedPay scheme payable from 1 April each year.

- 3.12 Pay progression is based on a MedPay pay progression assessment of performance/competency through a Performance Development Review (PDR). Any assessment of a wider contribution payment must be signed off by the Departmental Management Team.

### **3.13 Annual Pay Review**

- 3.14 The basic pay of the council's lowest paid employees is reviewed annually, with any cost-of-living, or other, increase normally applied on 1 April in each year.

- 3.15 The council introduced local pay bargaining from 1 April 2013.

### **3.16 Market Supplements (if relevant)**

Where the council considers that pay rates for specific posts are insufficient to enable it to recruit and/or retain staff with the required knowledge, skills and expertise, it may authorise the use of market supplements, or other form of enhancement to pay rates, in accordance with the terms of the Market Premia Policy (see Section 5 'Policies common to all employees').

### **3.17 Pension provision**

- 3.18 In common with all other employees, the council's lowest paid employees may participate in the Local Government Pension Scheme in accordance with the statutory terms of that scheme. See Section 5 'Policies common to all employees' for the contribution rate for each participating employee who joins the scheme.

- 3.19 Any increases in or enhancements to the pension entitlement of the council's lowest paid employees will be made in accordance with the discretions available to it under the statutory provisions of the Local Government Pension Scheme, as exercised by the council and set out in the relevant policy statement (see Section 5 'Policies common to all employees').

### **3.20 Termination or Severance Payments**

- 3.21 Any termination or severance payments made by the council to its lowest paid employees, either on grounds of redundancy or on grounds of permanent ill-health, will be made in accordance with the statutory terms of the Local Government Pension Scheme, as applicable, and /or in accordance with the discretions available to it under that Scheme or under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as set out in the relevant policy statement (see Section 5 'Policies common to all employees').

- 3.22 Other than payments pursuant to the LGPS (including the exercise of the council's discretions) or payments in accordance with the council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the council's policy is not to make any other termination or severance payments to its lowest paid employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the council.

### 3.23 Other elements of remuneration

3.24 The other elements of remuneration which it is the council's policy to offer to its lowest paid employees is set out in the table below.

3.25 The key below the table identifies the category of employee to which each element applies, if at all. Each element of remuneration offered is then described in more detail.

<b>Element of Remuneration</b>	<b>Lowest Paid Employees</b>
Recruitment payments	N/A
Reimbursement of removal/relocation costs on appointment	Applicable to all employees
Retention payments	N/A
Mortgage subsidy	N/A
Geographical/location allowance	N/A
Non-consolidated performance/contribution payments	N/A
Honorarium or ex gratia payments	N/A
Acting up/additional responsibility payments	Applicable to all employees
Any other bonus payments	N/A
Overtime or additional hours working	Scheme common to all employees other than senior managers covered by Section two and Service Managers.
Weekend and/or Bank Holiday working payments	
Night work payments	
Sleeping-in duty	
Standby and/or call-out payments	
Other non-standard working payments	
Car provision	
Mileage rates	NJC rates applicable to all employees.
Private medical insurance	N/A
Health screening	N/A
Payment of professional subscriptions or membership fees	Applicable to all employees.
Subsistence or other expenses allowance	
Provision of mobile telephone	
Provision of landline telephone	N/A
Provision of IT equipment/facilities	N/A
Homeworking allowance (or equivalent)	N/A
Childcare	N/A
Subsidised staff catering facility	N/A
Discounted loans	Applicable to all employees.
Staff discount scheme	Applicable to all employees.
Payment for reduced leave entitlement	N/A
Any other allowances or additional payment – see below	N/A

Note: N/A denotes there is no payment to any employee for these provisions.

### **3.26 Elements of remuneration**

### **3.27 Reimbursement of removal /relocation costs on appointment**

3.28 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

### **3.29 Acting-up /additional responsibility payments**

3.30 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

### **3.31 Working arrangements**

3.32 Employees who are required to work beyond the council's normal full-time equivalent working week of 37 hours and /or work other non-standard working patterns as listed below, will receive payment in accordance with the provisions of the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

- Additional hours; and /or
- Saturday and Sunday working; and /or
- Night work; and /or
- Public and Extra Statutory holidays; and /or
- Sleeping-in duty.

### **3.33 Standby and /or call-out payments**

3.34 Employees who are required to be on standby at times which are outside their normal working week and /or who may be called-out to attend to an issue at the council's premises or other location may receive an additional payment in accordance with the provisions of the relevant council policy.

### **3.35 Car provision**

3.36 The council compensates its employees who are authorised to use their own car on council business in accordance with the provisions and rates agreed by the National Joint Council for Local Government Services.

3.37 There are three types of car user, these are Casual, Essential and Dedicated. The definition for each is below:

**3.38 Casual Users** are users based largely at a single employment location. There is little or no genuine operational need to travel in the course of their duties other than to one of the other main employing centres. The NJC mileage rates for casual users apply.

**3.39 Essential User** status is based on mileage criteria of 1,000 business miles or more in a calendar year together with a requirement to undertake daily or near daily travel.

**3.40 Dedicated car users** are employees who are not able to plan their work in advance and where the post requires a significant number of journeys. For these people, the use of any alternative mode of transport other than a dedicated vehicle would be impractical and perhaps even seriously detrimental to the post-holder's effectiveness and the directorate's service delivery. Post-holders are entitled to access to the Limited Leased Car Scheme. There is an annual contribution based on the vehicle leased which will be deducted direct from pay. Mileage is paid at the NJC petrol-only rates.

**3.41 Mileage rates**

3.42 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

**3.43 Payment of professional subscriptions or membership fees**

3.44 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

**3.45 Subsistence or other expenses allowance**

3.46 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

**3.47 Discounted interest-free loans**

3.48 Details of the scheme are set out in Section 5, 'Policies common to all employees'.

**3.49 Staff discount scheme**

3.50 Details of the scheme are set out in Section 5 'Policies common to all employees'.

## Section four: Pay Relationships

- 4.1 This section sets out the council's overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the council, and its policy toward maintaining or reaching a specific pay multiple in the future.
- 4.2 Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the council is required to publish its "pay multiple", i.e. the ratio between the highest paid salary and average salary of the whole of the local authority's workforce. The current pay multiple, based on all taxable earnings as at 31 December 2015 including base salary, any variable pay, bonuses and allowances which may apply, is 5.99 (median).
- 4.3 The lowest pay point in the overall salary range which has been used by the council in calculating the mean average salary is that which applies to its lowest paid employees, as defined in Section 3 of this pay policy statement.
- 4.4 The council considers that the current pay multiple, as identified above, represents an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce and has adopted the following actions to ensure this is maintained:
  - monitor the pay multiple annually as part of the council's overall workforce monitoring, which is currently reported to the Employment Matters Committee.
  - take account of the pay multiple when reviewing pay structures and allowances.

## **Section five: Policies common to all employees**

5.1 The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the council (including it's Chief Executive, Directors, Deputy Directors, Assistant Directors , Section 151 Officer and Monitoring Officer), regardless of their pay level status or grading within the council. These policies have been previously agreed by the Employment Matters Committee.

### **5.2 Market Premia Scheme - summary**

5.3 The Market Premia Scheme has criteria to ensure that market premia are only used in appropriate circumstances. Payments are based on agreed principles and paid only when the specified criteria are met.

5.4 Eligibility criteria and principles are summarised below :

5.5 Market premia:

- is used in exceptional circumstances only;
- takes account of any equal pay /value considerations, in order to avoid /minimise the potential for challenge on this point;
- is paid as a clearly identified supplement, with properly documented supporting reasons;
- is time limited in it's application;
- is subject to regular monitoring and review.

5.6 When assessing the appropriateness of market premia supplements account should be taken of the wider employment context applicable to the occupational group and whether the making of a market premia payment will address the particular issues underlying the recruitment /retention difficulties, or whether alternative /additional actions are required.

5.7 There are a number of options for determining the amount and type of payment, e.g.

- One-off lump sum or instalments;
- Based on % of salary;
- Additional increments.

5.8 The Authority to agree any market premia proposal is delegated to the Chief Finance Officer and Assistant Director, Organisational Services.

### **5.9 Access to Local Government Pension Scheme**

5.10 The council offers all its employees' access to the Local Government Pension Scheme in accordance with the statutory provisions of the scheme. The employer's contribution rate for employees who join the scheme is currently 18.3% per cent of salary for all employees.

- 5.11 The employee contributions to the Local Government Pension Scheme is currently as follows:

Pay Bands	Contribution Rates
Up to £13,500	5.5%
£13,501 - £21,000	5.8%
£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%
£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
More than £150,000	12.5%

**5.12 Local Government Pension Scheme (LGPS) - discretions on termination of employment**

- 5.13 Any termination or severance payments made by the council to all its employees, either on grounds of redundancy, or on grounds of permanent ill-health, will be made in accordance with the statutory terms of the Local Government Pension Scheme, as applicable, and /or in accordance with the discretions available to it under that Scheme.

- 5.14 The council's policies on the exercise of these discretions under the LGPS are set out in the policies it has published under the requirements of Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008. This is a requirement to publicise discretions under Regulations 12, 13, 18 and 30 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007. Appendix one is the council's policy on all discretions under the Act.

**5.15 Payments on Termination of Employment**

- 5.16 Other than payments made under the LGPS, the council's payments to any employee whose employment is terminated on grounds of redundancy will be in accordance with the policy the council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. This policy has been published in accordance with the requirements of Regulation 7 of these regulations and is as follows:

- 5.17 In accordance with Section 162 of the Employment Rights Act 1996 pay matrix, for each year of service that counts, an employee will receive a proportion of weekly pay, which is determined in the following way:

Age	Entitlement
21 years or below	Half a week's pay
22 – 40 years	One week's pay
41 and above	One and a half week's pay



5.18 The maximum entitlement will be 20 years at one and a half weeks' pay, which is 30 weeks pay. The council's redundancy payment is based on the employee's actual weekly pay.

**5.19 Reimbursement of removal /relocation costs on appointment - summary**

5.20 The relocation scheme is intended to provide assistance in approved cases to newly appointed permanent staff who are required to move house as a result of their appointment.

5.21 The scheme allows employees to claim the expenses involved in obtaining similar accommodation to that which they vacate i.e. employees who are vacating a rented property would be able to claim the expenses involved in moving to another rental property, whilst those who were an owner-occupier the expenses involved in both selling and buying a home can be claimed.

5.22 The total amount claimable must not exceed £6,000.

**5.23 Acting up and additional duties payments - summary**

5.24 Acting up payments

5.25 An employee who, for any reason other than annual leave, is requested by their line manager to undertake all or part of the duties of a higher graded post, for a continuous period of not less than four weeks, may be entitled to receive an acting up payment. Payments may be made in the following circumstances:

- Where the employee undertakes the full duties of the higher graded post;
- Where the employee undertakes part of the duties of the higher graded post;
- Where the employee's normal duties /pattern of work are varied to provide additional cover /support for the duties of a higher graded post.

5.26 Acting up payments should be for a clearly specified and time limited period only and should be kept under regular review to ensure it does not become an on-going arrangement.

5.27 Other additional duties /projects

5.28 In exceptional circumstances, a payment may be made for reasons other than that of undertaking the duties of a higher graded post.

5.29 The circumstances which support such a payment must be clearly identified by the line manager and will normally fall into one of the following categories :

- participation in a special project which is beyond the normal scope of the job description;
- additional duties not related to a specific post;
- significant additional hours worked in order to complete an essential task

- 5.30 The amount of the payment should not exceed whichever is the greater of:
- Four incremental points above the employee's substantive salary; This is to be reviewed as increments no longer exist in the pay structure.
  - 10 per cent of the employee's annual substantive salary;
  - £3,000 in any one financial year.

### **5.31 Mileage rates**

5.32 The council compensates all its employees who are authorised to use their own car on council business in accordance with the provisions and rates agreed by the National Joint Council for Local Government Services.

5.33 Dedicated car users who have a lease car and those in receipt of a Special Allowance claim mileage at the NJC petrol-only rates.

### **5.34 Payment of professional subscriptions or membership fees**

5.35 For approved post entry training, the council will pay, in full or in part, fees for registration, course tuition, exemption, and examinations and pay membership of professional bodies whilst employees are a student.

### **5.36 Subsistence or other expenses allowance**

5.37 The council reimburses expenditure on meals and accommodation and any other expenses necessarily incurred by employees on council business in accordance with the scheme summarised below.

5.38 Employees who are required, through the performance of their official duties, to differ their normal meal arrangements thereby incurring additional expenditure, will be reimbursed the actual costs.

### **5.39 Use of mobile phones**

5.40 Mobile phones are provided to employees on the basis that they are necessary to undertake their duties effectively.

5.41 The council funds the provision of the phone and business calls. Employees are expected not to use them for personal calls, except in an emergency.

### **5.42 Discounted Interest-free loans**

5.43 In order to encourage greener travel employees have access to interest-free loans for the purchase of the following for home to work travel:

- Bicycles – max loan £1,000/max term one year
- motor scooters up to 125ccs – max loan £2,000/max term 2 years
- annual season tickets for travel (train and bus) – max loan £2,000
- annual season ticket for car parking – £533.00.

#### **5.44 Staff discount scheme**

5.45 All employees have access to scheme(s) which give employees discounted prices for

- Medway Gets Active leisure centre membership;
- The More4you Vectis discount scheme. This includes a bespoke website offering discounts on goods and services from traders who participate in the scheme.

#### **5.46 Employment of those in receipt of an LGPS pension**

5.47 The Kent County Council LGP Scheme does not abate pensions on re-employment.

#### **5.48 Flexible retirement**

5.49 The LGPS regulations permit the council to offer flexible retirement to employees aged 55 or over, so that they can reduce their hours of work, and draw a pension in respect of the proportion of full-time hours they are no longer required to work. The council uses this discretion in the same way for all employees.

5.50 These will be approved by the relevant Director and the Assistant Director, Organisational Services.

#### **5.51 Review of policies in Section Five**

5.52 Any amendment to these policies which does not affect the pay policy statement will be agreed by Employment Matters Committee as part of the normal approval process. Any amendment to these policies which would result in a change to the pay policy statement will need to be approved by Full Council.

## **Section six: Decision making on pay**

- 6.1 The provisions of this pay policy statement will apply to any determination made by the council in the relevant financial year in relation to the remuneration, or other terms and conditions, of an Assistant Director or above of the Authority and of its lowest paid employees, as defined in this statement.
- 6.2 The council will ensure that the provisions of this pay policy statement are properly applied and fully complied with in making any such determination.
- 6.3 This pay policy statement has been approved by the Full Council of the Authority.
- 6.4 Any proposal to offer a new Assistant Director or above appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, bonuses, fees or allowances which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the full council for approval before any such appointment is advertised or before any such offer is made to a particular candidate.

## **Section seven: Amendments to this pay policy statement**

- 7.1 This pay policy statement relates to the financial year 1 April 2016 to 31 March 2017
- 7.2 The council may agree any amendments to this policy statement during the financial year to which it relates in accordance with the decision-making arrangements set out within Section six of this policy statement.

## **Section eight: Publication of and access to information**

- 8.1 The council will publish this pay policy statement on its website and on the intranet as soon as is reasonably practicable after it has been approved by the council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.
- 8.2 The information required to be published by the council in accordance with the requirements of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, and in accordance with the requirements of the Accounts and Audit (Amendment No. 2) (England) Regulations 2009, as referred to in this pay policy statement, is available on its website.
- 8.3 The council's policies in relation to the exercise of discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as referred to in this policy statement, are attached to this document as appendix one.

8.4 For further information about this pay policy statement, please contact the council as follows:

Tricia Palmer, Assistant Director, Organisational Services.

Tel: 01634 332343

Email: [tricia.palmer@medway.gov.uk](mailto:tricia.palmer@medway.gov.uk)

**LOCAL GOVERNMENT PENSION SCHEME  
SCHEDULE OF MEDWAY COUNCIL POLICY DECISIONS**

Medway Council will undertake a review of policies and make any appropriate changes on an annual basis, or if sooner where there are material changes to circumstances or legislation.

Any amendments to these policies will be made available to the Pensions Section and to scheme members within one month of the change being effective.

**The Local Government Pension Scheme (Administration) Regulations 2007**

Regulation 16(4)(ii)	If a scheme member wishes to aggregate the most recent of their periods of previous scheme membership with their current membership, it is Medway Council's policy that the election to do so must be made within twelve months of the Pension Section being notified that they have become an active member of the Kent Scheme. The Assistant Director Organisational Services may extend this time limit if the scheme member can demonstrate exceptional circumstances so as to justify this.
Regulation 22(2)	Scheme members who have the option to pay contributions in respect of a period of unpaid absence must elect to do so within thirty days of the date of the notice issued to them. The Assistant Director Organisational Services may extend this time limit if the scheme member can demonstrate exceptional circumstances so as to justify this.
Regulation 25(3)	It is not Medway Council's policy to operate a shared AVC scheme for employees. However, the Assistant Director Organisational Services and the Chief Finance Officer will review this policy annually.
Regulation 83(8)	If a scheme member wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, it is Medway Council's policy that the election to do so must be made within twelve months of the Pension Section being notified that they have become an active member of the Kent Scheme. The Assistant Director Organisational Services may extend this time limit if the scheme member can demonstrate exceptional circumstances so as to justify this.

**The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007**

Regulation 11(2)	Where a scheme member's pensionable pay consists of fees, it is the policy of Medway Council that, if this produced a higher figure, an average of all such fees for any three consecutive years ending 31 <sup>st</sup> March within the period of ten years ending with the last date of active membership may be used for the calculation of benefits.
Regulation 12	<p>It is not Medway Council's general policy to grant additional pension scheme membership to scheme members under this regulation. Any exceptional cases that were of overall benefit to the authority would require the agreement of the Assistant Director Organisational Services.</p> <p>Additional scheme membership will not be granted in respect of pre April 1972 service, which at the point of retirement has not yet been up-rated.</p>
Regulation 13	It is not Medway Council's policy to grant additional pension to scheme members under this regulation. Any exceptional cases that were of overall benefit to the authority would require the agreement of the Assistant Director Organisational Services.
Regulation 18(1)	It is not the policy of Medway Council to agree flexible retirement of a scheme member unless consent has been given by Assistant Director Organisational Services in consultation with the relevant Director as detailed in Medway Council's policy on Flexible Retirement.
Regulation 18(3)	If consent has been given under Regulation 18(1), it is not Medway Council's policy to waive in whole or part, any actuarial reduction to the scheme member's benefits.
Regulation 30(2)	It is not the policy of Medway Council to give consent under this regulation to the immediate payment of benefits to a scheme member who voluntarily retires unless there is a demonstrable benefit to the organisation, which would take full account of any extra costs to be borne by the authority. Any such consent shall be agreed by the Assistant Director Organisational Services and the Chief Finance Officer.

**The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007**

Where a scheme member has previously been awarded a preserved benefit, it is not generally the policy of Medway Council to give consent under this regulation to the early payment of benefits. However, each request will be considered and full account taken of any costs to be borne by the authority. Any consent shall be agreed by the Assistant Director Organisational Services and the Chief Finance Officer.

Regulation 30(5)

Where a request has been made for early payment of benefits for compassionate reasons. Circumstances must be exceptional and would not be expected to prevail, for instance, the occurrence of a disaster, accident, or long-term ill-health (certificated by Medway Council's appointed Occupational Health Adviser). Financial Hardship alone would not normally be deemed sufficient.

Payment may only be made after agreement by the Assistant Director for Organisational Services in consultation with the Chief Finance Officer. Medway Council will be responsible for any additional costs deriving from the decision to release benefits prematurely in compassionate circumstances.

**Issued: June 2008**



<b>TITLE</b> <i>Name/description of the issue being assessed</i>	<b>Pay Policy Statement 2016/2017</b>
<b>DATE</b> <i>Date the DIA is completed</i>	<b>7 January 2016</b>
<b>LEAD OFFICER</b> <i>Name of person responsible for carrying out the DIA.</i>	<b>Carrie McKenzie Head of HR and Organisational Change</b>

**1 Summary description of the proposed change**

- *What is the change to policy/service/new project that is being proposed?*
- *How does it compare with the current situation?*

**To comply with Section 38 (1) of the Localism Act 2011, whereby all English and Welsh local authorities are to produce a pay policy statement for 2012/2013 and for each financial year after that.**

**The aim of Section 38 is to ensure that there is openness and transparency with regard to the commitment of public money through employee remuneration**

**The pay policy statement is required to set out the council's policies relating to the remuneration of its chief officers and its lowest-paid employees, and the relationship between the two.**

**The statement is also required to show that the pay relationship between the chief officer and the lowest paid employee is within the accepted pay multiplier as suggested by Will Hutton's 2011 Review of Fair Pay in the public sector.**

# Diversity impact assessment – Appendix 2

## 2 Summary of evidence used to support this assessment

- *Eg: Feedback from consultation, performance information, service user records etc.*
- *Eg: Comparison of service user profile with Medway Community Profile*

**In line with previous practice, there was no formal consultation with Trade Unions or staff forums. The pay policy statement was shared with both Legal and Finance and there was no comment from either.**

## 3 What is the likely impact of the proposed change?

*Is it likely to :*

- *Adversely impact on one or more of the protected characteristic groups?*
- *Advance equality of opportunity for one or more of the protected characteristic groups?*
- *Foster good relations between people who share a protected characteristic and those who don't?*

*(insert ✓ in one or more boxes)*

Protected characteristic groups	Adverse impact	Advance equality	Foster good relations
Age			X
Disability			X
Gender reassignment			X
Marriage/civil partnership			X
Pregnancy/maternity			X
Race			X
Religion/belief			X
Sex			X

# Diversity impact assessment – Appendix 2

<b>Sexual orientation</b>			X
<b>Other (e.g. low income groups)</b>			X

**4 Summary of the likely impacts**

- *Who will be affected?*
- *How will they be affected?*

**The pay policy complies with the requirements of the legislation and there is no impact on any of the protected characteristic groups.**

**5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?**

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

**Not applicable**

**6 Action plan**

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

Action	Lead	Deadline or review date
<b>Not applicable</b>		

## 7 Recommendation

*The recommendation by the lead officer should be stated below.*

*This may be:*

- *to proceed with the change implementing action plan if appropriate*
- *consider alternatives*
- *gather further evidence*

*If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.*

**Not applicable**

## 8 Authorisation

*The authorising officer is consenting that:*

- *the recommendation can be implemented*
- *sufficient evidence has been obtained and appropriate mitigation is planned*
- *the Action Plan will be incorporated into service plan and monitored*

**Assistant  
Director**

**Tricia Palmer**

**Date**

**7 January 2016**

Contact your Performance and Intelligence hub for advice on completing this assessment

RCC: phone 2443 email: [annamarie.lawrence@medway.gov.uk](mailto:annamarie.lawrence@medway.gov.uk)

C&A: phone 1031 email: [paul.clarke@medway.gov.uk](mailto:paul.clarke@medway.gov.uk)

BSD: phone 2472 or 1490 email: [corppi@medway.gov.uk](mailto:corppi@medway.gov.uk)

PH: phone 2636 email: [david.whiting@medway.gov.uk](mailto:david.whiting@medway.gov.uk)

Send completed assessment to the Corporate Performance & Intelligence Hub (CPI) for web publication