



## **PAY POLICY STATEMENT FINANCIAL YEAR 2019-20**

### **1. Introduction**

- 1.1 In determining pay and remuneration, the Council recognises the need to exercise the greatest care in managing scarce public resources while securing and retaining high quality employees. We believe that the principle of fair pay is important to the provision of well-managed services and are committed to ensuring fairness and equity in our remuneration practices.
- 1.2 The level of remuneration is a very important factor in both recruitment and retention. We therefore need to balance affordability and value for money with creating a remuneration framework that ensures we can recruit, retain, motivate and develop employees who have the skills and capabilities necessary to ensure the continued provision of high quality services.
- 1.3 We aim to design our pay policies, processes and procedures to ensure that pay levels are appropriately aligned with, and properly reflect, the relative demands and responsibilities of posts, together with the knowledge, skills and capabilities necessary to ensure that the post's duties are undertaken to the required standard.

### **2. Purpose**

- 2.1 The aim behind this Pay Policy Statement is to ensure that our approach to pay is transparent, to enable local taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and to make the best use of public funds.
- 2.2 This policy statement is in accordance with sections 38 to 43 of the Localism Act 2011 (the Act), that requires local authorities to publish an annual pay policy statement for the forthcoming financial year including:
  - the remuneration of our most senior employees (which the Act defines as the Head of Paid Service, the Monitoring Officer, Chief Officers, and Deputy Chief Officers, i.e. managers who report directly to a Chief Officer)
  - the remuneration of our lowest-paid employees and the relationship between the remuneration of our senior employees and that of other employees.

### **3. Legislation**

3.1 The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, to which we must have regard. This statement takes full account of this guidance as well as the provisions of the Act. This includes ensuring that there is an appropriate relationship between the pay levels of our senior managers and of all other employees.

3.2 It also takes account of:

- the Local Government Transparency Code 2015 issued by the Department for Communities and Local Government in February 2015
- Openness and Accountability in Local Pay: Guidance under S40 of Localism Act 2011 issued in February 2012
- Openness and Accountability in Local Pay: Guidance under S40 of Localism Act 2011 Supplementary Guidance issued in February 2013
- guidance issued by the Joint National Council (JNC) for Local Authority Chief Executives on pay policy statements, published in November 2011 and supplementary notes published in January and March 2012
- The Public Sector Exit Payment Regulations 2016 (delayed implementation)
- The Repayment of Public Sector Exit Payments Regulations 2015 (delayed implementation)
- Employment and equalities legislation affecting local authority employers, where relevant.

This statement also refers to information we are already required to publish under other legislation for example the information on the level of remuneration paid to senior managers, as required by The Accounts and Audit Regulations 2015.

### **4. Overall approach to pay**

4.1 In relation to other organisations in all sectors across the UK, we are a large, complex organisation providing a very diverse range of services. Many of these services are vital to the wellbeing of individuals and groups of residents in our local community. These can be delivered in very challenging circumstances, which means the Council must take account of the levels of need and ensure the availability of resources to meet them.

4.2 We compete with other local employers to recruit and retain managers capable of meeting the challenges of delivering our services to the required standards. This has an important bearing on the levels of remuneration we offer. At the same time, as outlined in section 1.2 we are obligated to secure the best value for money for our residents and taxpayers in taking decisions on our pay levels. We believe that we achieve a fair balance between these competing pressures.

4.3 Our overall approach to remuneration for all employees, including senior management is based on:

- compliance with equal pay, discrimination and other relevant employment legislation such as the Equality Act 2010, plus
- ensuring that our overall remuneration packages align with market norms for local government and public sectors while at the same time taking account of:

1. pay levels in the local area, including neighbouring public sector employers
2. the relative cost of living in the local area, particularly housing costs
3. the fact that responsibilities and accountabilities of particular posts may be very demanding
4. individual performance.

4.4 In the application of our pay framework, the council takes into account market rates, individual performance and the need for consistency in the way pay bandings are applied. All pay differentials can be objectively justified using job evaluation mechanisms that directly establish the relative levels of posts in pay bands according to the requirements, demands and responsibilities of the post.

4.5 Our pay rates and grading structure are determined locally.

## **5. Remuneration of senior management**

5.1 This section covers the remuneration of our most senior employees, who are responsible for working with elected councillors to determine the overall strategic direction of the Council. They develop and manage a wide range of services to ensure they are economic, efficient and effective and have appropriate governance arrangements. In the context of this policy, senior management is defined as:

- the Managing Director (who is the designated Head of Paid Service)
- the Council's Monitoring Officer (that is the officer responsible for ensuring the Council's compliance with the law in all its activities)
- first tier officers; our Directors who report to and are directly accountable to the Head of Paid Service
- second tier officers; our officers who are directly accountable to our first tier officers for the management and provision of individual elements of the Council's services.

5.2 In terms of pay differentials, we recognise that the Managing Director leads our workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation. Our Directors undertake a senior, collective and corporate responsibility for supporting the Managing Director in delivering high quality services to our communities. We have reflected this in the level of remuneration for these roles.

5.3 Below this level, we recognise that the demands on and accountabilities of different management roles vary considerably, and we seek to align pay levels with the relative importance and responsibilities of jobs using the Greater London Provincial Council (GLPC) job evaluation scheme.

5.4 Annual salary levels for our senior management are set in accordance with the overall principles set out in section 4 above. For our Managing Director, Directors and second tier officers, salaries consist of grade ranges that are determined locally. These grade ranges consists of a number of incremental salary points, through which employees may progress, subject to satisfactory performance, until they reach the top of the grade.

5.5 The salary ranges for our senior management posts are summarised in the following table. The pay award for 2019 has not yet been determined and will be implemented on 1 July 2019:

Senior role	Salary range
Managing Director	£125145 - £131087
Director	£83389 - £95814
Second tier officers as defined in section 5.1	£40347 - £71481

5.6 The following paragraphs outline the elements of remuneration that we offer to senior management in addition to those that are available to all our employees as outlined in section 11 of this statement.

Element of remuneration								
<p><b>Acting-up or payment for additional responsibility:</b> Where employees are required to act-up into a higher-graded post or take on additional responsibilities beyond those of their substantive post, for a temporary or time-limited period, they may receive an additional payment in recognition of the extra responsibilities. Before we make any such payment, we will assess whether the additional work entailed is sufficiently demanding to warrant an additional payment.</p> <p>Our policy is to make a payment to those senior management officers for additional responsibilities in respect of statutory roles as follows:</p> <p>Section 151 Officer (Chief Financial Officer) - £5,300 per annum Monitoring Officer - £5,300 per annum Deputy Monitoring Officer - £1,500 per annum Deputy Section 151 Officer - £1,500 per annum Data Protection Officer - £3,000 per annum Senior Information Risk Officer and Senior Authorising Officer for RIPA - £3,000 per annum</p> <p>These payments will not be reduced where there is a requirement for two officers to share the responsibilities of Deputy Monitoring Officer and/or Deputy Section 151 Officer.</p>								
<p><b>Car provision:</b> We offer a subsidised lease car scheme to our senior employees at pay band 9 and above. Below shows the level of subsidy for our senior management for 2018-2019:</p> <table> <tbody> <tr> <td>Managing Director</td> <td>£5882</td> </tr> <tr> <td>Directors</td> <td>£5541</td> </tr> <tr> <td>Band 10</td> <td>£4489</td> </tr> <tr> <td>Band 9</td> <td>£3260</td> </tr> </tbody> </table> <p>We insure any vehicle provided, however, the employee is required to pay the excess should any claims be made. If senior management employees do not take up their lease car entitlement and use their own car for travel on Council business, we compensate them in the same way as other employees who are authorised to use their own car on Council business. This is in accordance with the provisions and rates for</p>	Managing Director	£5882	Directors	£5541	Band 10	£4489	Band 9	£3260
Managing Director	£5882							
Directors	£5541							
Band 10	£4489							
Band 9	£3260							

Essential Users agreed by the National Joint Council for Local Government Services.
<b>Lump sum payments:</b> We pay lump sum allowances to the Managing Director, Directors and employees on Band 10 level to cover travel, subsistence or other incidental costs. The sum ranges from £515 up to £1757 per annum for employees who have taken up their lease car entitlement, with adjustments made if employees choose to use their own cars as an alternative to taking up their lease car entitlement.
<b>Health Screening</b> We fund biennial health checks for the Managing Director and our Directors.

**Lump sum payments:**

We pay lump sum allowances to the Managing Director, Directors and employees on Band 10 level to cover travel, subsistence or other incidental costs. The sum ranges from £515 up to £1757 per annum for employees who have taken up their lease car entitlement, with adjustments made if employees choose to use their own cars as an alternative to taking up their lease car entitlement.

**Health Screening**

We fund biennial health checks for the Managing Director and our Directors.

## 6. Remuneration of our lowest paid employees

- 6.1 This section outlines our policy in relation to the remuneration of our lowest-paid employees. We define our lowest paid employees as those paid on the lowest grade, that is Band 1, of the Council's pay and grading structure, currently starting at £17,863 per annum.
- 6.2 In setting pay levels and determining any pay award, we take into account the needs of our lowest paid employees. For example, we pay a minimum of £5.00 per hour for apprentices rather than the minimum national hourly rate of £3.90

We also pay above the National Minimum Wage (the Government's minimum rate for under 25's), the National Living Wage (the Government's minimum rate for over 25's) and above the Real Living Wage (for outside London) at the bottom of our pay scale.

## 7. Pay relationships

- 7.1 This section sets out our overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation including the Council's current pay multiple. The 'pay multiple' is the ratio between the highest paid salary (the Managing Director) and the median average salary of our workforce.
- 7.2 The Council's current pay multiple (as at November 2018) is 1:4.75.
- 7.3 We consider 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.

## 8. Remuneration on appointment and re-employment

- 8.1 All newly appointed staff normally start on the lowest point in the pay range for their job evaluated post. Successful candidates may be appointed at a higher point, where it is considered that they already possess the skills and experience needed to justify a higher salary.
- 8.2 In certain circumstances, should a new employee, including senior management need to move house in order to take up an appointment with the Council, we will reimburse their removal, legal and other associated relocation costs. This is in

accordance with the Council's Relocation Scheme that sets maximum limits on the levels of payment and requires repayment in part or in full if the employee leaves the Council within five years of appointment. Occasionally the Council may agree a more flexible arrangement if the appointment is on a fixed-term basis.

- 8.3 The Repayment of Public Sector Exit Payment Regulations are likely to be implemented during 2019. Under these regulations termination payments made to staff on salaries above £80,000 per annum will be fully or partly recovered if those staff are re-employed within the public sector within the 12 months following the date of their termination. This restriction affects the posts of Managing Director and Directors. The Council can agree to waive the recovery payment in exceptional circumstances.
- 8.4 In the unlikely event that we employed a senior manager who is already in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008 must be applied. These currently provide that there will be no abatement of pension in these circumstances. Such persons would only be employed following strict application of the normal process of competitive selection for employment.

## **9. Pay progression and award**

- 9.1 The Council's pay policy is based on a locally determined pay and grading structure that comprise of pay bands with a number of incremental points. An employee's pay progression will normally be one increment (pay spine column point within a band) on 1 July each year, until the top of the grade band is reached. Pay progression is subject to satisfactory performance and behaviours that are assessed as part of the Council's performance review process. There is no scope for accelerated progression beyond one increment per annum or for progression beyond the top of the pay band.
- 9.2 We review salaries in the light of pay movements for other employees, pay movement elsewhere, and other changes in the economy, to determine whether any general or cost-of-living pay award is necessary or justified.
- 9.3 Depending on the Council's financial situation, we may agree a cost-of-living increase for all staff from 1 July each year or there may be no increase at all. The Managing Director agreed an award of 2 per cent for all staff in 2018-2019.
- 9.4 We do not pay any bonuses or non-consolidated performance contribution payments.

## **10. Payment upon termination of employment**

- 10.1 Senior management who cease to hold office or be employed by the Council will receive payments calculated using the same principles as any other employee, based on entitlement within their contract of employment, their general terms and conditions and existing policies.
- 10.2 Any termination or severance payment we make to any of our employees (in the interests of efficiency of the service or on grounds of redundancy) will be made in accordance with the statutory terms under the Local Government

Pension Scheme (LGPS) or the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as applicable.

- 10.3 Statements of policy on the exercise of discretions within the LGPS and the Discretionary Compensation Regulations do not amount to any contractual commitment to individual employees on future severance payments.
- 10.4 Termination payments made to staff will be capped at £95,000. This figure will include all payments associated with the termination such as payments relating to pension augmentation and pension strain, redundancy payments, pay in lieu of notice, voluntary payments, holiday pay and any other contractual payments. Where payments exceed this figure, actuarial reductions can be made to the pension benefits or employees may make payments representing all or part of the pension strain costs to receive an unreduced pension. The Council can agree to waive the cap in exceptional circumstances (See section 12.5).

## 11. Remuneration policies common to all employees

- 11.1 The following elements of remuneration are determined by corporate policies or arrangements that apply to all permanent staff of the Council (including the Managing Director and Director), regardless of their pay level, status or grading within the Council:

- **Contracts:** Our standard policy is to engage employees on standard contracts of employment and to apply pay-as-you-earn (PAYE) taxation arrangements to all remuneration under those contracts in accordance with HMRC rules, unless there are exceptional circumstances approved by the Managing Director, such as a contract for service which mean that an alternative mode of engagement is appropriate.
- **Engagement of workers through intermediaries:** Where individuals are working for the Council through an intermediary such as their own limited company or a consultancy firm, or an employment agency, and are working in the same way as our own employees, the payer will be liable to pay associated income tax and National Insurance Contributions (NICs). Genuinely self-employed workers will not be covered by this requirement (commonly known as IR35) and will continue to make their own assessment and payment arrangements for income tax and NICs
- **Pension Scheme:** Employees have a right to join the Local Government Pension Scheme (LGPS) in accordance with the statutory provisions of the scheme. The percentage an employee pays is based on individual earnings and ranges from 5.5 per cent to 12.5 per cent of pay. The employer's contribution rate for all staff that join the scheme is currently 15.1 per cent of salary.
- **Flexible retirement:** The LGPS regulations permit us to offer flexible retirement to all employees aged 55 or over, so that they can reduce their hours of work and/or their level of responsibility, and receive some or all of their pension benefits. We would expect to see a reduction of 40-50 per cent in salary through either reduced hours or responsibility.

- 11.2 The other elements of remuneration we offer to all our employees, in addition to those already outlined in section 5, are set out in the following table.

## Element of remuneration

### **Overtime or additional hours working:**

Employees, other than our most senior managers, who are required to work beyond the Council's normal full-time equivalent working week of 37 hours or work other non-standard working patterns, as listed below, will receive enhanced payments in accordance with the provisions of our local schemes of conditions of service covering:

- overtime or additional hours
- weekend working
- bank holidays (public and extra statutory holidays).

### **Market rate supplements:**

Our job evaluation scheme does not take into account market factors such as market pay rates relating to specific jobs or fluctuating demand for skills in the marketplace. The Council recognises therefore, that there may be occasions where it is necessary to pay a market rate supplement in addition to base salary in order to recruit or retain staff.

The Market Rate Supplement Policy ensures a clear and systematic process is followed in considering the potential for a supplement and for identifying the relevant 'market rate' for any specific post, or group of posts. The policy ensures that relevant considerations are taken into account, both initially and at every subsequent two-yearly review and ensures that a consistent approach is applied across the Council with regard to:

- the circumstances in which a market rate supplement is considered,
- the monetary value of any supplement, and
- the duration of the supplement and the review period that will apply.

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

Employees who are required to be on standby at times which are outside their normal working week 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.

### **Car travel reimbursement:**

We compensate all our employees who are authorised to use their own car on Council business in accordance with the provisions and rates for Essential and Casual Users agreed by the National Joint Council for Local Government Services.

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

We will pay one professional membership fee or subscription on behalf of employees graded at Band 6 or above, up to and including the



Managing Director. Below band 6, we will pay one professional membership fee or subscription on behalf of employees where it can be shown that the membership or subscription is necessary for the effective performance of the employee in their job.

In exceptional circumstances the Council will pay two subscriptions where there is a requirement for one of the subscriptions due to the persons role.

**Subsistence or other expenses allowance:**

We reimburse expenditure on meals (except alcohol) and accommodation, within reasonable set limits, and any other expenses necessarily incurred by all employees on Council business if agreed in advance.

**Provision of mobile telephones:**

Mobile telephones are provided to employees on the basis of business need where they are necessary to enable them to undertake their duties effectively. We fund the cost of business calls only.

**Fees for Election duties:**

Sources of funding for elections in England vary according to the type of election.

The Managing Director is the Council's Returning Officer who has overall responsibility for the conduct of elections and is appointed under the Representation of the People Act 1983. The Ministry of Justice, who set the fees to be paid to the Returning Officer, provides the costs of running UK Parliamentary general elections and European Parliamentary elections. Elections fees are paid for these additional duties and they are paid separately to salary.

The costs of parish, borough and county elections are met through local authority budgets and vary according to the size of the electorate and number of postal voters. A scale of fees for Returning Officers, polling station and count staff is set annually in line with the Surrey wide scheme.

**Child care:**

A childcare salary sacrifice scheme is available to all employees via the HMRC-approved scheme. We make no direct subsidy towards childcare costs.

**Subsidised staff catering facility:**

All employees currently have access to a subsidised staff restaurant at the Council's Millmead offices.

**Staff loans**

All employees have access to loans that are offered at preferential rates for:

- the purchase of cars/bicycles and/or
- the purchase of season tickets for the purposes of travel to work.

**Private medical insurance:**

We offer private medical insurance to employees who are employed in posts at band 6 or above in our pay and grading structure. Premiums are kept to a minimum by regular tendering exercises, and individual employees can pay additional premiums to enhance the basic level of cover which the Council funds.

**Other staff discount and benefits schemes:**

We currently provide all employees access to an employee discount scheme. This offers employees the chance to purchase a range of goods and services at discounted rates from a variety of suppliers.

We provide access for all of our employees to an Employee Assistance Programme (EAP). EAPs are intended to help employees deal with personal problems that might adversely impact their work performance, health, and wellbeing.

The EAP offers cover for the employee and their immediate family members who reside at the same address, including children in full-time education up to the age of 24. The service provides access to:

- Stress helpline
- Structured telephone counselling
- Referral to face to face counselling
- Referral to serious illness and accident support
- Tax advice
- Legal advice (*the EAP will not provide employment law advice*)
- Eldercare
- Childcare
- Medical information

**12. Decision making on pay**

12.1 We recognise the importance of ensuring openness and transparency and high standards of corporate governance, with clear lines of accountability in our pay decision-making processes and procedures. Any pay-related decisions must be capable of public scrutiny, be able to demonstrate proper and appropriate use of public funds and ensure value for money. The arrangements we have in place are designed to reflect these requirements, as well as ensuring compliance with all relevant legislation and other statutory regulation.

12.2 Depending on the economic climate and the Council's current financial situation, we may agree a cost-of-living increase for all staff. The Managing Director in consultation with the Leader agrees the award provided it is within the available budget. The Council agrees any increase for the Managing Director and the Directors.

12.3 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 our senior managers and of the

lowest paid employees, as defined in this statement. We will properly apply and fully comply with the provisions of this pay policy in making any such determination.

- 12.4 Any proposal to offer a new senior appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, fees, allowances 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 Council for approval. This will be before any offer is made to a particular candidate.
- 12.5 Any proposal to make a termination payment of £95,000 or more will be referred to the Council for approval before any offer is confirmed and will only be agreed in exceptional circumstances (See section 10.4) In the event of such a payment being proposed, a detailed breakdown of the components (for example redundancy, pension, pension strain, voluntary payments, outstanding holiday, pay in lieu of notice and any other contractual payments) will be provided for councillors.

### **13. Review and policy amendment**

- 13.1 We will review the statement annually and approve a new version of the policy before the start of each subsequent financial year. If we choose, or need, to amend the statement during the course of any financial year this will be by resolution of the Council.

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

- 14.1 As soon as is reasonably practicable following approval by full Council, we will publish this pay policy statement on our website at <http://www.guildford.gov.uk/transparencydata> Any subsequent amendments to this statement made during the financial year will be similarly published.
- 14.2 The information required to be published by the Council in accordance with the requirements of The Local Government Transparency Code 2015, and in accordance with the requirements of the Accounts and Audit (England) Regulations 2015, as referred to in this pay policy statement, is also available on our website.
- 14.3 We are also required to publish information about the remuneration of senior officers under The Accounts and Audit (England) Regulations 2015. This information is available in the annual accounts, which we publish on our website.