



## **SOUTHAMPTON CITY COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR – 2015 - 2016**

### **1. Purpose**

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

This Pay Statement sets out Southampton City Council’s pay policies relating to its workforce (excluding schools) for the financial year 2015 - 2016, including the remuneration of its Chief Officers, lowest paid employees and the relationship between its Chief Officers and that of its employees who are not Chief Officers.

### **2. Definitions**

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

**2.1 “Pay”** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.

**2.2 “Chief Officers”** refers to the following roles within the Council:

Statutory Chief Officers are:

- a) Chief Executive, as Head of Paid Service
- b) Head of Legal and Democratic Services, as Monitoring Officer (subject to Council confirmation in March 2015)
- c) Director, People which includes Adult Services and Social Care and Children’s Services
- d) Chief Financial Officer, as Section 151 Officer
- d) Director of Public Health

Non Statutory Chief Officers are:

- a) Director, Place

b) Director, Transformation (subject to appointment)

Deputy Chief Officers are:

a) Heads of Service who report directly to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.

**2.3 “Lowest paid employees”** refers to those employees paid within Grade 1 of the Council’s mainstream pay structure. This definition has been adopted because Grade 1 is the lowest grade on the Council’s mainstream pay structure and these posts have been as assessed through the NJC Job Evaluation Scheme as having the least amount of complexity and responsibility.

**2.4 “Employee who is not a Chief Officer”** refers to all employees who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees”. i.e. employees on Grade 1.

### **3. Pay Framework and remuneration levels**

#### **3.1 General approach**

The pay structure and pay scales have been designed to enable the Council to recruit and retain suitably qualified employees at all levels who are dedicated to fulfilling its corporate objectives and delivering services to the public whilst operating within an acceptable financial framework.

With a diverse workforce the Council recognises that its Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. The decision to apply a market premium will be approved by the Head of Strategic HR

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

The outcome of reviews into the local pay and grading structures covering all jobs are considered by the Employment and Appeals Committee constituted and comprised of Councillors from the political parties. The Committee’s recommendations are submitted to a meeting of Full Council for approval.

It is essential for good governance that decisions on pay are made in an open and accountable manner. The Council’s locally determined pay structures are based on the outcome of recognised job evaluation schemes (Hay and National Joint Council (NJC)). This followed a national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer and to comply with employment legislation and the economic climate locally. The current mainstream pay structure was implemented in 2003. The pay structure for Chief Officers and Heads of Service

was determined through the Hay Job evaluation process during the senior management restructure process in 2011. A significant Pay and Allowances Review covering all posts is currently being finalised. When approved the Pay Policy will be revised to reflect these changes.

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

The mainstream pay structure for all employees below the level of Chief Executive, Chief Officers and Heads of Service consists of a pay spine of 62 points, comprising 13 grades with grade 1 being the lowest and grade 13 the highest. Each employee will be on one of the 13 grades based on their job evaluated role. Each grade contains several zones and spinal column points to allow for incremental advancement within the grade subject always to an employee's satisfactory performance. The above is subject to the Pay and Allowances Review referred to in paragraph 3.2.

The Chief Executive and Chief Officer's pay grades reflect the same principles as for all of the Council's pay structures, consisting of 6 grades with 5 spinal column points in each and 6 for the Chief Executive.

Details of the Chief Officer pay scales (Appendix 2) and the Council's mainstream pay structure (Appendix 3) are appended to this Statement and are published on the Council's website.

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

As detailed above the Pay and Allowances project anticipates implementing a revised pay and allowances structure framework with effect from 1 June 2015. This will incorporate the Living Wage and have the effect of increasing annual salaries for the lowest paid Council employees.

## **4. Remuneration – level and element**

### **4.1 Salaries**

**4.1.1 “Chief Officers”** are identified at 2.2 above. They are all paid within the Council’s pay structures as follows:

- a) Chief Executive, as Head of Paid Service will be paid a salary within the grade range £137,356 to £172,618.
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £95,472 to £123,525 (apart from the Director of Public Health whose salary package equates to a pro rata maximum of £111,924 and is protected by COSOP transfer rules).

**4.1.2 “Deputy Chief Officers” who are Heads of Service** are all paid within the Council’s pay structures as follows:

- c) within the grade range £63,583 to £102,990. .

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

### **4.2 Bonuses and Performance related pay**

There is no provision for bonus payments or performance related pay awards to any level of employee.

There is, however, an honorarium provision for an accelerated increment which may be awarded where an employee performs duties outside the scope of their post over an extended period or where the additional duties and responsibilities involved are exceptionally onerous. All such payments/increments are subject to approval by a Chief Officer (Director) and the Head of Strategic HR.

### **4.3 Other pay elements**

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

### **4.4 Charges, fees or allowances**

Allowances or other payments, for example shift working, standby, etc. may be made to employees, below Heads of Service, in connection with their role or the pattern of hours they work in accordance with National or local collective agreements.

As above the Council will be implementing a revised allowances framework from 1 June 2015, to achieve transparency and consistency across all employees.

The Council recognises that some employees incur necessary expenditure in carrying out their responsibilities, for example travel costs, use of home telephone costs. Reimbursement for reasonable expenses incurred on Council business are paid in accordance with the Council's collective agreement and subsequent amendments to it.

The Director, Place, has been appointed as the Council's Returning Officer for elections and he has appointed the Business Services Manager and Principal Elections Manager as his Deputy Returning Officers. For performing elections duties in respect of local (Council) elections, the Returning Officer and Deputies receive a fee payable according to a scale of costs, charges and expenses set by the Hampshire and Isle of Wight Election Fees Working Party and allowed under the Local Government Act 1972. This scale is published on the Council's website.

#### **4.5 Benefits in kind**

The Council is very conscious of the requirement to demonstrate that employees are paid fairly and in supporting this key principle has removed all benefits in kind from its Pay and Reward structure.

#### **4.6 Pension**

All employees as a result of their employment are eligible to join the Local Government Pension Scheme (LGPS). There will be no increases or enhancement to pension entitlements. The Public Health employees come under the NHS pension scheme – there are no increases or enhances to this scheme.

#### **4.7 Severance payments**

The Council already publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing an employee's total pension membership and on awarding additional pension. These policies cover all levels of employee and are applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction. Details of the Council's policies are attached as Appendix 4.

The Council needs to retain the flexibility to respond to unforeseen circumstances as regards re-employing former local government employees. Such an occurrence would be considered very much the exception rather than the rule. If the Council were to re-employ a previous local government employee who had received a redundancy or severance package on leaving, or who was in receipt of a pension covered by the Redundancy payments (Continuity of Employment in Local

Government Modification order 1999, known as the Modification Order) (with the same or another authority), then the Council's policy is to ensure that the rules of the Modification Order are applied. In addition the council will ensure that an open and fair selection process has taken place before any appointment is confirmed. The same principle would be applied to such a person if they were to be engaged by the Council on a "contract for services" basis.

#### **4.8 New starters joining the Council**

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

#### **4.9 Use of consultants, contractors and temporary staff through personal service companies**

The Council is acutely aware of its obligation to secure value for money in the employment of its employees and those who carry our work on its behalf. Ordinarily employees will be employed directly by the Council but on an exceptional basis, where particular circumstances deem it necessary, people may be employed through personal service companies. When this situation arises the Council will give detailed consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements will require prior approval by the appropriate Director for the service area, the Head of Strategic HR and Chief Financial Officer.

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

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

The median average pay has been calculated on all taxable earnings for the financial year 2014 - 2015, which includes basic salary and any contractual allowances/ payments.

<b>Highest paid employee</b>	<b>£152,288</b>
<b>Median FTE salary</b>	<b>£22,443</b>
<b>Ratio</b>	<b>6.8:1</b>

The median salary was calculated on 27<sup>th</sup> November 2014 using pay data for all permanently employed staff.