



City of Westminster

Cabinet Member Report

Meeting or Decision Maker:	Cabinet
Date:	22 nd February 2016
Classification:	For General Release
Title:	Council's Pay Policy 2016-2017
Wards Affected:	n/a
City for All:	n/a
Key Decision:	Recommendation by Cabinet to full Council in March 2016
Financial Summary:	There are no direct financial implications
Report of:	Carolyn Beech, Director of Human Resources Tel: 020 7641 3221 Email: cbeech@westminster.gov.uk

1. Executive Summary

- 1.1 The Localism Act 2011 introduced a requirement for Public Authorities to publish a Pay Policy in 2012 – 2013 and annually thereafter.
- 1.2 The council must then comply with the Pay Policy for the financial year when making any determinations on pay.
- 1.3. This report sets out the proposed Pay Policy for 2016-2017 in line with the requirements of the Localism Act 2011. The Pay Policy for 2016-2017 (see Appendix 1) has been amended to include current senior salary figures (p3 *Chief Officer Remuneration*), median total pay and pay multiple (p5).

2. Recommendations

- 2.1. That Cabinet recommend the proposed Pay Policy for 2016 - 2017, as set out in Appendix 1, to full Council.

3. Reasons for Decision

- 3.1. The Pay Policy statement must be published by 31 March 2016 on the council's web site and must be approved formally by full Council before publication.

4. Background, including Policy Context

- 4.1. Section 38 (1) of the Localism Act 2011 required local authorities in England and Wales to produce a Pay Policy in 2012 – 2013 and in every financial year thereafter.
- 4.2. The Pay Policy must include the council's policy for the financial year in relation to:
- level and elements of remuneration of its Chief Officers such as: remuneration on recruitment, increases and additions to remuneration, use of performance related pay bonuses, termination payments and transparency
 - remuneration of its lowest paid employees
 - the relationship between the remuneration of its Chief Officers and other employees (the pay multiple).
- 4.3. It is up to each Local Authority to determine who its lowest paid employees are but reasons must be given as to why they have been defined as such.
- 4.4. The Pay Policy must be complied with in relation to any determinations on pay.
- 4.5. The proposed Pay Policy for 2016-2017 is set out on Appendix 1. The policy brings together in one statement the council's approach to pay and reward as approved by Cabinet on 27 August 2008 which is detailed in various council policies. The Pay Policy also explains how the council's existing pay policies apply to chief officers.

5. Financial Implications

- 5.1 There are no direct financial implications.

6. Legal Implications

- 6.1. The proposals in this report comply with the requirements of the Localism Act 2011 and the Local Government Transparency Code 2015.

7. Staffing Implications

- 7.1. None.

8. Consultation: N/A

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Carolyn Beech, Director of Human Resources; Tel: 020 7641 3221
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Appendix 1

Westminster City Council Pay Policy 2016-2017

Note: The Pay Policy for 2016-2017 will be amended in response to any implications arising from the proposals in relation to exit payments. Any future amendments to the policy will be presented to full Council for sign off.

Introduction

Westminster City Council's (the council) Pay Policy is published in line with the Localism Act 2011, Section 38 (1) which requires all Local Authorities in England and Wales to publish their Pay Policy annually, at the start of each financial year (subject to Cabinet Approval).

The council's Pay Policy was approved by full council on 2nd March 2016 and is published on the council's [website](#). It brings together the council's approach to pay and remuneration¹ which was approved by Cabinet on 27 August 2008 and is detailed in various council policies.

The council seeks to be an Equal Opportunities employer and will heed all relevant employment legislation related to pay and remuneration. This includes but is not limited to the Equality Act (2010) and the Part-time Workers (Prevention of Less Favourable Treatment) Regulations (2000).

The council also publishes salaries of Chief Officers and senior staff earning over £62,670 (FTE) and above and this is available on the council's [website](#) in line with Local Government Transparency Code 2015.

Background

The council implemented a Broad Band pay structure in 2008. The purpose of the council's Broad Band pay structure is to provide one simplified pay structure from the top to the bottom of the organisation. The pay structure focuses on rewarding added value and supporting business aims. It does not reward time served in post i.e. there is no guaranteed incremental progression. All progression is based on exceeding performance targets and increased contribution.

The Broad Band pay structure provides clarity and transparency on the levels within the organisation and applies to all staff employed by the council with the exception of: schools support staff (except where the governing body has adopted the broad band structure), JNC Youth Workers, Public Health staff who TUPE transferred into the council and Soulbury staff.

¹ Excluding some employees in Schools, JNC Youth Workers, Public Health staff that TUPE transferred into the council and Soulbury staff.

The council recognises the need to recruit and retain staff in highly skilled or specialist work areas, where posts are hard to fill. It is accepted that our central London location and the occasional limited availability of quality personnel in certain professions will mean that in some exceptional circumstances it will prove difficult to recruit to key posts on the salary justified for the grade of the post. In such circumstances there may be a genuine requirement to pay an additional payment called a Market Based Salary Supplement which reflects the difference between WCC salary and market pay rates.

The Broad Band Pay Structure

There is one Broad Band pay structure from the top to the bottom of the organisation. There are 7 Broad Bands with 7 pay steps in each band. Band 1 is the lowest and Band 7 is the highest. The band of a post is determined through job evaluation.

The pay levels in the Broad Bands are generally reviewed annually in line with the National Joint Council for Local Government Services (NJC) and the Greater London Provincial Council (GLPC).

Definition of Chief Officer

The term “Chief Officer” for the purposes of this Pay Policy includes the following positions:

- The Chief Executive
- All Executive Management Team (EMT) Directors*
- All Directors / Deputy Director, Heads of Services (Senior Leadership Team)*

*all of whom meet the definition of either Statutory or Non-Statutory Chief Officers or Deputy Chief Officers as specified under Part 1, Section 2 (para's 6 -8) of the Local Government and Housing Act 1989, (LGHA) e.g.

“Non-Statutory Chief Officer” means,

(a) a person for whom the head of the authority's paid service is directly responsible;

(b) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the head of the authority's paid service; and

(c) any person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

‘Deputy Chief Officer’ means, subject to the following provisions of this Section, a person who, as respects all or most of the duties of his post, is required to report directly to one or more of the statutory or non-statutory Chief Officers.”

For the purposes of this Pay Policy only, managers below Corporate Leadership Team level, who as a result of changes in the structure, now report to a Chief Officer as defined above are not classified as Deputy Chief Officers.

Pay accountability

Salary packages on appointment which exceed £100,000

All posts including those which exceed a salary package² of £100,000 are appointed within a pay band and structure where the principles of reward and remuneration have been previously agreed by full council. Therefore any new appointments are not subject to full council consideration.

Severance packages which exceed £100,000

Following termination of employment, the approval of full council will be sought before offering any package which exceeds more than £100,000 (excluding the capital value of any pension entitlement) where the package involves any payment greater than that to which the employee is contractually entitled or paid in line with the Council's Redundancy Compensation policy.

Chief Officer Remuneration

Chief Executive (Head of Paid Service)

The Chief Executive is paid a spot salary of £203,387 per annum. An additional 18% of this amount is held as deferred salary. This amount is not guaranteed and depends on performance. The Chief Executive was awarded a deferred salary payment of £35,820 in May 2015 for the period 1 April 2014 – 31st March 2015.

The Chief Executive undertakes the role of Returning Officer, no additional allowance is payable for this role. A Returning Officer **may** recover their charges for services and expenses provided they were necessarily rendered or incurred for the efficient and effective conduct of the election and the total does not exceed the overall maximum recoverable amount specified by the Secretary of State in an order.

Posts which exceed a salary package of £100,000

- Directors (Executive Management Team) are paid at Band 7. The basic salary range for Band 7 is £135,773 - £187,320.

² Including basic salary and professional fees, PHI and lease car contributions where applicable but excluding pension contributions in accordance with the Local Government Pension Scheme regulations.

- Deputy Directors / Heads of Services (Corporate Leadership Team) are paid at Band 6. The basic salary range for Band 6 is £95,997 – £132,583.

These salary figures include 10% “deferred salary”

Deferred salary

Directors and Deputy Directors/Heads of Service are only paid 90% of the basic salary figures listed above. 10% of the basic salary is deferred. Payment of the deferred salary up to 10% is not guaranteed and will depend on achievement of targets

Benefits

All Chief Officers are entitled to the following benefits:

- Private Health Insurance
- Reimbursement of the payment of one professional membership fee relevant to the proper performance of duties
- Up to £234 per month contribution to contract car hire (not available for any Chief Officer appointment made after 1 December 2011).

There is no cash alternative to the above benefits.

Additional Allowances

All Chief Officers are expected to work such hours as are required for the efficient performance of their duties. There are no other additional elements of remuneration in respect of overtime or premium payments (e.g. bank holiday working, stand by arrangements etc).

There are no additional allowances in respect of the roles of:

Monitoring Officer
Section 151 Officer

General Remuneration Principles Applying to Remuneration of Chief Officers and Employees

Recruitment

On recruitment individuals will be placed on the appropriate step salary within the evaluated grade for the job. In order to recruit high quality staff a relocation package may be offered where necessary and where this would be considered cost effective. When recruiting and appointing to a Chief Officer post, the starting salary offered must be within the target salary and cannot exceed this except in exceptional cases where the Executive Director or Chief Executive has authorised this. Where an interim is required to cover a Chief Officer role, a Temporary Agency Contractor may be engaged in line with the

requirements of the Council's Procurement and Contracts Code, rather than the use of a Contract for Services.

Broad Band Pay Progression

There is no automatic time served incremental progression. All progression is based on exceeding performance and increased contribution. Any pay progression cannot exceed the maximum of the relevant band. The council does not apply performance related pay or bonuses.

Termination of Employment

On termination of employment with the council, the council's policy applies to all Chief Officers. Individuals will only receive compensation:

- where appropriate and relevant (e.g. redundancy compensation)
- in line with the council's Redundancy and Redundancy Compensation Policy
- which complies with the specific terms of a settlement agreement, which will take into account the council's contractual and legal obligations, the need to manage an exit effectively, risks to the council and the commercial business case.

Re-employment

The decision to re-employ a previous employee, who has been made redundant by the council (and on termination of employment received a redundancy compensation payment), will be made on merit.

The council will not engage such an individual under a Contract for Services.

Remuneration of the Lowest Paid Employees

For the purpose of this Pay Policy, employees on Band 1 are defined as the council's lowest paid employees. This is because no employee of the council is paid lower than the bottom Step of Band 1, which is the same as Inner London Spinal Column Point 10. The full time equivalent annual basic salary of this Step is £17,733 and the full time basic salary at the maximum of Band 1 is £24,946. The Chief Executive's basic salary (as at 1st January 2016) is £203,387 which is 11.44 times the lowest salary. The council's definition of the lowest paid employee excludes staff based outside London.

London Living Wage

The council does not have a policy to pay the London Living Wage; though the council's minimum full time equivalent hourly rate of pay to its employees is £9.45. This exceeds the recommended London Living Wage rate.

Pay Multiple

The Local Government Transparency Code (2015), states that local authorities should publish their pay multiple. This is defined as the ratio between the highest paid salary and the median salary of the workforce. The council's pay multiple (using total pay³) as at 31 December 2015 is 6.79: 1 i.e. the Chief Executive, who had the highest total salary as at 31st December 2015 (£239,207) earned 6.79 times more than the council's median full time equivalent total salary of £35,253.

³ Total pay is the sum of full time equivalent basic salary plus actual amounts received for the reimbursement of professional fees, market based salary supplements, honorariums and shift allowances where claimed up to 31st December 2015. Pension contributions are excluded. Total pay for senior management and the Chief Executive also includes deferred salary for the performance year to 31st March 2015, where awarded, car lease contributions and the value of Private Health Insurance premiums where claimed. All payments have been made in line with council policy and were pro-rated if applicable.