

PAY POLICY STATEMENT – FINANCIAL YEAR 2015/16

1 Purpose

- 1.1 This policy statement is provided in accordance with Section 38(1) of the Localism Act 2011 and will be updated annually from April each year.
- 1.2 This pay policy statement sets out Milton Keynes Council's policies relating to the pay of its non-schools workforce for the financial year 2015/16, in particular:
- a) The remuneration of its Chief Officers
 - b) The remuneration of its "lowest paid employees"
 - c) The relationship between
 - i. The remuneration of its Chief Officers and
 - ii. The remuneration of its employees who are not Chief Officers

The pay ratios in respect of these are given at the Annex

2 Definitions: For the purpose of this pay policy the following definitions will apply:

- 2.1 **"Pay"** in addition to salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements, and termination payments. It does not include any employer pension or NI contributions.
- 2.2 **"Chief Officer"** refers to the following roles with Milton Keynes Council:
- a) Chief Executive, as Head of Paid Service*
 - b) Corporate Director for People*, Corporate Director for Place*, Corporate Director for Business and Commercial Development*, the Director of Public Health, and the Service Director for Law and Governance* as the Council's statutory Chief Officers.
 - c) Strategic Director*, Service Directors and Assistant Directors as non-statutory Chief Officers if they report directly or are directly accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.

With the exception of the Chief Executive and the Director of Public Health, these roles are subject to Chief Officer terms and conditions of service and national pay bargaining.

* Core members of the Council's Corporate Management Team (CMT).

- 2.3 **"Lowest paid employees"** refers to those staff employed within grade A of the Council's pay framework. This excludes staff governed by national consultation groups. This definition of the "lowest paid employees" has been adopted because grade A is the lowest grade on the council's pay framework.

2.3.1 The council has a separate pay structure for Apprentice roles.

2.4 **“Employees who are not a Chief Officer”** refers to all staff who are not covered under the “Chief Officer” group above. This includes “the lowest paid employees” i.e. staff on grade A. These staff are on NJC (single status) terms and conditions of service. This group excludes staff governed by the following national consultation groups:

- Joint Negotiating Committee for Coroners
- National Employers’ Organisation for School Teachers (NEOST)
- The Soulbury Committee
- Joint Negotiating Committee for Youth and Community Workers

3 **Pay framework and remuneration levels**

3.1 **General approach:** Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council’s business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily excessive. Each council has responsibility for balancing these factors and each council faces its own unique challenges and opportunities in doing so and retains flexibility to cope with various circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories or posts where appropriate. The council’s pay is set above the Living Wage.

3.2 **Responsibility for decision on remuneration:** It is essential for good governance that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way and that there is a verified and accountable process for recommending the levels of top salaries.

3.2.1 With the exception of any groups where pay is governed by national consultation groups or who have transferred to the council under TUPE legislation, pay for “Chief Officers”, the “lowest paid employees” and “all other employees who are not Chief Officers” is determined by the Employer’s Side of the Joint Negotiating Committee [JNC(E)]. The JNC(E) comprises elected Councillors from the main political parties and has the responsibility for local terms and conditions of employment for staff within Milton Keynes council’s pay framework.

3.2.2 The current pay framework in respect of “Chief Officers” was agreed by the JNC on 27 October 2014 and is subject to national pay bargaining.

3.2.3 The current pay framework in respect of “Employees who are not a Chief Officer” was implemented from 1 April 2015 and is subject to national pay bargaining.

3.2.4 Where staff have transferred to the council's employ with pay protected under TUPE legislation, the council will seek to harmonise pay, terms and conditions of service where this is appropriate.

3.3 Salary grades and grading framework

3.3.1 Grades are determined in line with national guidance, with the grade for each role being determined by a process of job evaluation. This ensures that there is a fair and consistent practice for different groups of workers with the same employer.

3.3.2 As part of this the council determined a local pay framework and the overall number of grades is 19.

a) There are 4 grades in the pay framework for "Chief Officer" roles. The allocation of these grades is determined using the Hay Job Evaluation Scheme:

- i. Chief Executive being the highest,
- ii. Corporate Director consisting 1 pay band,
- iii. Service Director consisting of 2 pay bands.

Each "Chief Officer" is on a spot salary within each pay band. There is no salary progression. Pay levels are reviewed at least every 3 years to ensure they remain at an appropriate level.

b) There are 15 grades in the pay framework for "employees who are not a Chief Officer". The allocation of these grades is determined using a job evaluation scheme: grade A being the lowest and grade O being the highest. Employees can progress to the salary maximum of their grade subject to key objectives being met to an acceptable level and there being no current performance issues.

3.3.3 Pay awards are awarded for all staff in line with the outcome of national pay bargaining for each group of staff. The Council is a Living Wage employer and as such, will ensure that its lowest pay rate is above the Living Wage.

4 Remuneration – level and element

4.1 Salaries: "Chief Officers"

4.1.1 The salary of the Chief Executive and the salary bands for all "Chief Officers" are published on the council's website alongside those of other officers earning more than £50,000 at:

[Senior salary information, March 2014](#)

- 4.1.2 For “Chief Officers” at all levels, salary on appointment has regard to the relative size and challenge of the role compared to other Chief Officer roles within Milton Keynes Council (via the job evaluation process). Account is also taken of other relevant available information, including the salaries of Chief Officers of other similar sized organisations. The salary is set by the Appointment Panel for the specific role (this panel comprises elected Councillors from the main political parties).
- 4.1.3 Where salary packages are in excess of £100,000 (including any fees, allowances, benefit in kind etc but excluding employer’s pension and NI contributions) the decision in respect of salary will remain with the Appointment Panel. All appointments, including detail of the salary package, will be reported to full council. Salaries currently falling within this range are those at Chief Executive, Corporate Director and Director level.
- 4.2 **Salaries: “Employees who are not Chief Officers”:** Employees new to the council (including “lowest paid employees”) will normally be appointed to the first point of the salary range for their grade. Where the candidate’s current employment package would make the first point of the salary range unattractive (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 higher salary may be considered by the recruiting manager. This will be within the salary range for the grade. The candidates’ level of skill and experience should be consistent with that of other employees in a similar position on the salary range.
- 4.3 **Salaries: “Lowest paid employee”:** Each “lowest paid employee” is paid within the salary range for grade A.
- 4.4 **Bonus:** There is no provision for bonus payments for “Chief Officers”, or for “employees who are not Chief Officers”, or for the “lowest paid employees”.
- 4.5 **Market supplements:** It is important that the council is able to attract and retain staff at all levels of the organisation in an increasingly competitive job market. Where market forces suggest such a supplement is needed the council will apply its market supplement policy. The council’s policy in respect of this can be found on the internet by clicking on the following link. Any such supplement is made clear in the contract of employment and is subject to review, with appropriate adjustments made.

[Market Supplement Policy](#)

- 4.6 **Honoraria/Temporary responsibility payments:** There is provision at all levels within the Council for an Honoraria or Temporary Responsibility Payment to be made to staff that have completed the duties of a higher graded post, provided they meet with the criteria for this scheme set out at the following link.

[Honoraria/Temporary Responsibility Principles](#)

- 4.7 Other pay elements

- 4.7.1 The overall remuneration, including claimed expenses and employer’s pension contribution, for “Chief Officers” who are core members of the Corporate

Management Team is published in the council's Statement of Accounts at the following link (see page 80):

[Statement of Accounts 2013-14.pdf](#)

- 4.7.2 "Chief Officers" are subject to performance management processes in the same way that "employees who are not Chief Officers" and "lowest paid employees" are.
- 4.7.3 The Chief Executive is appraised by elected Group Leaders, who set targets against which performance is measured. There is no financial recognition linked to this appraisal process.
- 4.7.4 The Corporate Directors are appraised by a panel that includes their Portfolio Holder and Opposition Spokesperson, alongside the Chief Executive as their line manager. There is no financial recognition linked to this appraisal process.
- 4.7.5 Other "Chief Officers" are treated in accordance with the arrangements applied for "lowest paid employees" and "all other employees who are not Chief Officers". Full details of the appraisal system can be found on the internet by clicking on the following link.

[Appraisal Guidelines](#)

- 4.8 **Charges, fees or allowances:** Any allowance or other payment will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Council's collective agreement in relation to Terms and Conditions of Service.
- 4.9 **Election fees and duties:** These are paid as a separate employment to the council's Returning Officer.
- 4.10 **Benefits in kind:** There are no benefits in kind given by the council. Any gift or conflict of interest must be registered in accordance with the council's Code of Conduct.

Pension: All employees as a result of their employment are eligible to join the Local Government Pension Scheme. The Council's discretions within this scheme are set out at this link to the Pension Discretions policy.

[Pension Discretions](#)

4.11 **Severance payments**

- 4.11.1 The Council is already required to publish its policy on discretionary payments on early termination of employment as well as publishing its policy on increasing an employee's total pension scheme membership and on awarding additional pension. This policy applies to all employees of the council. These can be found within the Council's Redeployment and Redundancy Policy at the following link.

[Redeployment and Redundancy Policy](#)

4.11.2 It is important that the council has flexibility to respond to unforeseen circumstances as regards re-employing former employees as a Chief Officer. If it re-employs a previous employee who received a redundancy or severance package on leaving, or if that person returns on a 'contract for services' or if they are in receipt of a Local Government / Firefighter Pension scheme (with the same or another local authority), then the provisions of the Local Government Pension Scheme and the Redundancy Modifications Order will be applied.

4.11.3 The Redundancy Modifications Order provides that:

- a) If Milton Keynes Council, or another public authority to which the Redundancy Payments Modification Order (Local Government) 1999 (as amended) applies, makes an offer of another job that will commence within four weeks of the termination of a contract, the officer will not be entitled to a redundancy payment.
- b) Any offer of voluntary redundancy is made on the understanding that if another public authority to which The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 applies, makes an offer of a job before the termination of employment which will be taken up within four weeks of the termination of employment with Milton Keynes Council, there shall be no entitlement to a redundancy payment.

Pay Ratios:**1. Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”**

Note: These calculations are based on salary data as at 31st December 2014. In previous years, the mean average earnings ratio has been based on salary alone. In line with Transparency Act, the mean ratio is now calculated based on remuneration (salary, including contractual enhancements and market supplements/retention payments).

Mean average earnings ratio = 5.7 : 1

- a) Total salaries £53,562,987 ÷ 1,998 (headcount) = £26,808
- b) Highest paid employee (Chief Executive): £154,000 per annum

Median average earnings ratio = 6.75 : 1 based on FTE salary

Median salary is based on the full time equivalent (FTE) salary of each employee to reflect the value of the role. This is £22,792.

This ratio is below the expected multiples of 8.1-12.1 for the public sector as identified in the Hutton Review of Fair Pay in the Public Sector (March 2011) Report.

2. Relationship between remuneration of “Chief Officers” and “lowest paid employees” Note: This calculation is based on expected salary levels at 1 April 2015.

- a) Ratio = 10 : 1
- b) Lowest paid employee: £15,207
- c) Highest paid employee (Chief Executive): £154,000 per annum

The above ratios will be monitored and measured against those in similar organisations.