

## Pay Policy Statement – Financial Year 2014-15

### 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 2014-15, 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

### 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 Community Wellbeing\*, Corporate Director for Resources\*, Corporate Director for Children and Families\*, the Director of Public Health, and the Assistant Director for Law and Governance as the Council's statutory Chief Officers.
  - c) The Director of Strategy\* 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 Leadership Team (CLT).

- 2.3 **"Lowest paid employees"** refers to those staff employed within grade MK1 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 MK1 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 MK1. 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.
- 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 adopted from 1 July 2011 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 adopted from 1 April 1998 and is subject to national pay bargaining. This pay framework is currently under review with negotiations drawing to a conclusion with the appropriate recognised trade unions of the Council. On completion of these negotiations this pay policy will be revised as appropriate. Full details of the proposed pay and remuneration package are available at <http://www.milton-keynes.gov.uk/schools-and-lifelong-learning/pay-negotiation-update> and on the Council’s intranet pages at [staffintranet/HR-home/Pay-Review-21052013.htm](http://staffintranet/HR-home/Pay-Review-21052013.htm).

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 17.

a) There are 3 grades in the pay framework for "Chief Officer" roles. The allocation of these grades is determined using the Hay Job Evaluation Scheme:

- i. AD being the lowest and consisting 3 levels
- ii. CD being the mid range and consisting 5 levels
- iii. CE being the highest.

Each "Chief Officer" is on a spot salary within each grade. There is no salary progression.

b) There are 14 grades in the pay framework for "employees who are not a Chief Officer". The allocation of these grades is determined using a local job evaluation scheme: grade MK1 being the lowest and grade MK14 being the highest. This approach is currently under review with negotiations underway with the recognised trade unions of the Council. On completion of these negotiations this pay policy will be revised as appropriate. The highest grade, MK14, has not been in use since Chief Officers' pay was reviewed in 2009. Employees can progress to the salary maximum of their grade subject to satisfactory performance.

3.3.3 Pay awards are awarded for all staff in line with the outcome of national pay bargaining for each group of staff.

3.3.4 The current salary level of "Chief Officers" is the result of a negotiated reduction in remuneration that was implemented from 1 July 2011.

## 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 September 2013 \(XLS, 50KB\)](#)

- 4.1.2 There is currently one role within the Assistant Director group paid at a market rate above the main framework.
- 4.1.3 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).
- 4.1.4 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 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 MK1.
- 4.4 **Accelerated Increments:** For “employees who are not Chief Officers” there is provision for the accelerated or additional increments to be paid in order to retain or reward key skills/contributions. This element of pay is currently under review and will be removed by the pay proposals currently under negotiation.
- 4.5 **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”.
- 4.6 **Market supplements:** It is important that the Council is able to attract and retain staff at all levels of the organisation. Where market forces suggest such a supplement is needed there is provision for a market supplement to be paid. The Council’s policy in respect of this can be found on the internet by clicking on the following link where you will find the Market Supplement Policy. Any such supplement is made clear in the contract of employment and is the subject of an annual review, with appropriate adjustments made.

[Market Supplement Policy \(PDF 31K\) \(PDF, 30KB\)](#)

- 4.7 **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 made an exceptional contribution or 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 payments \(PDF 11K\) \(PDF, 11KB\)](#)

4.8 Other pay elements

- 4.8.1 The overall remuneration, including claimed expenses and employer's pension contribution, for "Chief Officers" who are core members of the Corporate Leadership Team is published in the Council's Statement of Accounts at the following link (see page 81):

[Statement of accounts 2012-13](#)

- 4.8.2 "Chief Officers" are subject to performance management processes in the same way that "employees who are not Chief Officers" and "lowest paid employees" are.
- 4.8.3 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.
- 4.8.4 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.
- 4.8.5 "Chief Officers" who are the Director of Strategy and Assistant Directors 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 System \(PDF, 62KB\)](#)

- 4.9 **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.
- 4.10 **Election fees and duties:** These are paid as a separate employment to the Council's Returning Officer.
- 4.11 **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.

4.12 **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. The policy was reviewed and updated in February 2013.

[Pension Discretions \(PDF, 26KB\)](#)

#### 4.13 **Severance payments**

4.13.1 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.

[MKC Redundancy Policy V4- Oct 2013 \(PDF, 40KB\)](#)

4.13.2 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.

4.13.3 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.

5 **Ratios:** Based on salary data as at 31st December 2013.

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

##### 5.1.1 **Mean average earnings ratio = 5.5 : 1**

- a) Total salaries £48,921,017.59 ÷ FTE 1,763 = £27,749
- b) Highest paid employee (Chief Executive): £153,957 per annum

### 5.1.2 **Median average earnings ratio = 6.4 : 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 £23,945.

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.

### 5.2 **Relationship between remuneration of “Chief Officers” and “lowest paid employees”**

- a) Current ratio = 12.4 : 1
- b) Lowest paid employee: £12,435
- c) Highest paid employee (Chief Executive): £153,957 per annum

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