

Pay Policy Statement - Financial Year 2020/21

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 (MKC's) policies relating to the pay of its non-schools workforce for the financial year 2021/22. 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 attached **Appendix**.

2 Definitions for the purpose of this pay policy are as follows:

- 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 MKC:
- a) Chief Executive (CEO), as Head of Paid Service
 - b) Director of Children's Services (DCS), Director of Adult Services (DASS), Director of Finance and Resources (Chief Finance Officer), Director of Law and Governance (Monitoring Officer), and the Director of Public Health as the Council's statutory Chief Officers.
 - c) Deputy Chief Executive; Director of Planning, Strategic Transport and Placemaking; Director of Environment and Property; and the Director of Policy, Insight and Communications as non-statutory Chief Officers as 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 CEO and the Director of Public Health, these roles are subject to Chief Officer terms and conditions of service and national pay bargaining.

These roles make up the Council's Corporate Leadership Team (CLT).

- 2.3 **“Lowest paid employees”** refers to those employees who remain on protected terms and conditions of service under TUPE legislation following transfer to MKC. The lowest pay level is in line with the Living Wage Foundation Rate of £9.50 per hour. This definition of the “lowest paid employees” has been adopted because it accurately reflects the lowest pay rate within MKC. The lowest rate of pay within MKC’s pay structure is above this level. The lowest pay rate for apprentices is at this level.
- 2.4 **“Employees who are not a Chief Officer”** refers to employees who are not covered under the Chief Officer group above. This includes the lowest paid employees. These staff are on the following terms and conditions of service:
- Single Status (NJC) terms and conditions of service
 - Various TUPE protected terms and conditions of service
 - 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 MKC’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 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. MKC’s pay is set above the National Living Wage rate.
- 3.2 **Responsibility for decision on remuneration:** It is essential for good governance that decisions on pay and reward packages for CEOs 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 or those who have transferred to MKC under TUPE legislation, pay is determined by the Employer’s Side of the Joint Negotiating Committee JNC(E). The JNC(E) comprises councillors from the main political parties and has the responsibility for local terms and conditions of employment for staff within MKC’s pay framework.

3.2.2 The current pay framework for Chief Officers was agreed by the JNC on 4 March 2019 and is subject to national pay bargaining.

3.2.3 The current Single Status pay framework was implemented from 1 April 2014 and is subject to national pay bargaining.

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

3.3 Salary grades and grading framework

3.4 Grades are determined for each role by a process of job evaluation, in line with national guidance. This ensures that there is a fair and consistent practice for different groups of workers across services.

3.4.1 MKC's pay framework is determined locally and has 18 grades.

a) There are three grades allocated to Chief Officer roles. The allocation of these grades is determined using the Hay Job Evaluation Scheme:

Chief Executive
Deputy Chief Executive
Director

Each Chief Officer is appointed on a spot salary within each pay band. A review of pay levels within each pay band is undertaken at least every 3 years to ensure that they remain at an appropriate level. The last review took place in October 2020. This process can be found [pay information](#)

b) There are 15 grades in the Single Status pay framework. The allocation of these grades is determined using the NJC and Hay job evaluation schemes: grade A being the lowest and grade O being the highest. Progression within the grade on an annual basis is subject to key objectives being met to an acceptable level and there being no performance issues.

3.4.2 The above groups are subject to national pay bargaining. MKC is an accredited Living Wage Employer and as such, will ensure that its lowest pay rate is above the Living Wage Foundation Rate (LWF rate).

4 Remuneration

4.1 Chief Officers

4.1.1 The salary of the CEO and the salary bands for all Chief Officers are published on MKC's website alongside those of other officers earning more than £50,000 at [pay information](#) .

4.1.2 **Salary on appointment:** For all roles, salary on appointment has regard to the relative size and challenge of the role compared to other similar roles within MKC, via the job evaluation process. Account is also taken of other relevant available information, including the salaries of similar roles in other similar sized organisations. The salary is set by the Appointment Panel for the specific role. This panel comprises councillors from the main political parties.

4.1.3 If, on appointment, the salary package is in excess of £100,000 (including any fees, allowances, benefit in kind etc but excluding employer's pension and NI contributions) it will be reported to full Council. The decision in respect of salary remains with the Appointment Panel. Salaries currently falling within this range are those at CEO, Deputy Chief Executive and some at Director level.

4.1.4 **Salary following pay review:** If, following a review, the salary package increases to above £100,000, it will be reported to full Council for information. The decision in respect of the appropriate salary level will be made in line with the agreed Senior Manager Pay Review process, [pay information](#)

4.2 **Employees who are not Chief Officers:** Employees new to MKC 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 within the salary range may be considered by the recruiting manager. 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 **Lowest paid employee:** The lowest full time salary payable is £18,328, the equivalent of £9.50 per hour (the Real Living Wage rate set by the Living Wage Foundation). An employee who transfers to MKC under TUPE earning less than this will have their pay increased to this level on transfer.

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 MKC 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 MKC will apply its market supplement policy. MKC's policy in respect of this can be found at: [Pay information](#). Any such supplement is made clear in the contract of employment and is subject to review, with appropriate adjustments made.
- 4.6 **Honoraria/Temporary responsibility payments:** There is provision at all levels within MKC for an Honoraria, Partial Acting Up or Temporary Responsibility Payment to be made to staff who have completed the duties of a higher graded post, provided they meet with the criteria for this scheme set out at [Pay information](#).
- 4.7 **Recruitment and retention initiatives:** For staff groups where there is a recognised national shortage, MKC continues to consider incentives to attract and retain staff. All such initiatives are trialled, reported to the local Joint Negotiating Committee and reviewed before being formally adopted. Such initiatives are kept under review to monitor their effectiveness. Current initiatives are:
- Children's Services Social Worker Employee Referral Scheme that has been trialled since October 2020. A decision as to its continuation will be taken in March 2021.
 - Adult Services Social Worker Golden Hello Payments to qualifying staff.
- 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 CLT is published in MKC's Statement of Accounts
- 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 CEO's objectives are set each year by the three political Group Leaders. The CEO is appraised against those objectives by the three Group Leaders. There is no financial recognition linked to this appraisal process.
- 4.8.4 The Deputy Chief Executive is appraised by the CEO as their line manager using the standard appraisal process. There is no financial recognition linked to this appraisal process.

4.8.5 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 at [Pay information](#).

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 MKC'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 MKC. Any gift or conflict of interest must be registered in accordance with MKC's Code of Conduct.

Pension: All employees as a result of their employment are eligible to join the Local Government Pension Scheme. MKC's discretions within this scheme are set out in the Pension Discretions policy at [Pay information](#).

4.12 **Severance payments**

4.12.1 MKC is 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 MKC employees. These can be found within MKC's Redeployment and Redundancy Policy at [Pay information](#)

4.12.2 It is important that MKC has flexibility to respond to unforeseen circumstances with regards to 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. The latter provides that:

- a) If MKC, 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 MKC, there shall be no entitlement to a redundancy payment.

These calculations are based on salary data as at 31 December 2020 and calculated based on full-time equivalent salaries.

1. Relationship between remuneration of Chief Officers and employees who are not Chief Officers

Mean average earnings ratio = 5.7 : 1

a) Total FTE salaries £76,986,219 ÷ 2,371 (headcount) = £32,470

b) Highest paid employee (CEO): £184,457 per annum

Median average earnings ratio = 6.2 : 1 FTE salary

Median salary is based on the full time equivalent (FTE) salary of each employee to reflect the value of the role. The median is the middle salary if each salary is lined up from highest to lowest. This salary is £29,577.

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

a) Ratio = 10.1 : 1

b) Lowest paid employee: £18,328

c) Highest paid employee (CEO): £184,457

A lower pay ratio provides the council with better value for money.