

KNOWSLEY METROPOLITAN BOROUGH COUNCIL PAY POLICY STATEMENT – MARCH 2015

INTRODUCTION

Knowsley Metropolitan Borough Council is committed to transparency and fairness in its payment and remuneration of all of its employees.

In 2014/15, the Council had an overall pay bill of £92.253m for its workforce (including on costs such as National Insurance and Superannuation payments). The Council currently has a workforce of 2,899 people. These figures do not include staff employed by the Borough's schools, who are employed independently of the Authority.

The Council continued to review its senior officer organisational structure and the associated pay and grading arrangements during 2014/15. This review will achieve further permanent savings of £0.810m and follows a reduction in senior management pay costs of approximately £8m since 2009/10. The Council's senior management workforce has reduced by almost half in that time. The work to date will now be followed by a full pay and grading review of senior management posts (incorporating job evaluation), with the outcome of this review expected to be implemented during 2015/16.

The Authority has already completed a fundamental pay and grading review in relation to all other Council posts (i.e. those not covered by the senior management review mentioned above). Whilst no direct pay savings have been achieved from this review, it has enabled the Authority to implement an equal pay compliant pay structure, which will also help it to manage future pay costs.

In order to address the impact of the current Government's economic policies in terms of low pay and the working poor, the Council has also committed to becoming a Living Wage employer from 1 October 2015. This will require a review of the Council's Pay Strategy.

1. Purpose of the Statement

- 1.1 This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 (and subsequent statutory instruments (including the Local Authorities (Data Transparency) Code 2014) and The Accounts and Audit (England) Regulations 2011 (Statutory Instrument 2011/817) - soon to be replaced by the Local Accountability and Audit Act 2014).

- 1.2 In accordance with legislation, this Pay Policy Statement will come into immediate effect once approved by a full meeting of the Council and will then be subject to review on at least an annual basis, the policy for the subsequent financial year being approved by 31 March each year.
- 1.3 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. As previously mentioned, the Council has also committed to becoming a Living Wage employer.

2. Pay Structure

- 2.1 The Council uses nationally negotiated pay rates as the basis for its local pay structure, which determines the salaries of the majority of its workforce.
- 2.2 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 2.3 In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of nationally set pay rates, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community.
- 2.4 New appointments will normally be made at the minimum of the relevant pay scale for the grade. From time to time, it may be necessary to take account of external pay levels in the labour market in determining starting salary levels or in order to attract and retain employees with particular experience, skills and/or capacity.
- 2.5 Following implementation of the pay and grading review during 2013/14, the Authority agreed a policy on the application of market supplements. Subject to the satisfaction of qualifying criteria, this policy allows the Authority to apply a temporary recruitment and retention premium of up to 10% of the basic salary for a particular job. Any such pay supplement is subject to Assistant Executive Director approval and periodic review.

3. Senior Management Remuneration

- 3.1 For the purposes of this Statement (other than the reference to senior management pay savings and the senior management pay and grading review, both of which affect **all** senior management posts), the Council has defined “senior managers” as including the Council’s Head of Paid Service, Executive Directors (including the Assistant Chief Executive) and Assistant Executive Directors. These categories include all of the Council’s statutory chief officers in accordance with the Local Government and Housing Act 1989 and the Localism Act 2011.
- 3.2 These posts are set out below together with the associated total remuneration:-

Post Title	Salary Band
Chief Executive	£160,000 per annum (fixed salary)
Executive Directors (including the Assistant Chief Executive)	£102,000 to £112,000 per annum
Assistant Executive Directors	£86,700 to £96,900 per annum

- 3.3 Prior to the application of the recently agreed 2% pay award for Chief Officers, 2015-16, which only applied to the Assistant Executive Director’s salary band above, there had been no annual “cost of living” pay award for any of the posts listed above since April 2008. This remains the case⁽¹⁾ for the Chief Executive and Executive Directors (including the Assistant Chief Executive). Compared to the Retail Price Index, this equates to a real terms cut in pay, equivalent to approximately 22% over the period concerned.

4. Additions to Salary

- 4.1 In addition to the salaries quoted above, some posts receive additional remuneration as outlined in the table below:-

All officers involved in delivering Local, Parliamentary and/or European Elections and/or Referenda	Duty payments as determined locally and/or by statute depending on the duties concerned.
All eligible employees at all grades	Pension contributions paid to the Local Government Pension Scheme. The contribution rates are set by actuaries advising the Merseyside Pension Fund.

- 4.2 The arrangements and factors considered in determining an individual's progression through the relevant pay scale are based upon that individual's performance and capability in the relevant post. In this respect, all of the post holders are assessed by their relevant line managers.
- 4.3 Where the Council is unable to recruit a chief officer, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will consider engaging individuals under a "contract for service". Such contracts will be sourced through a relevant procurement process in order to ensure that the Council is able to demonstrate the maximum value for money via competition in securing the relevant service. It should be noted that the Council is not required to make or fund directly either Superannuation or National Insurance contributions for such individuals.

5. Senior Management Recruitment

- 5.1 Apart from the potential application of a market supplement payment as described in paragraph 2.5 of this statement, the Council does not make any "golden hello" payment or any other incentive payment to its senior managers upon recruitment. Where appropriate, the Council pays removal and relocation allowances up to a maximum of £16,981 upon the presentation of approved receipts.
- 5.2 The Council's policy and procedures with regard to the recruitment of senior managers are detailed within its Recruitment Policy.

- 5.3 When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own policies.
- 5.4 The determination of the remuneration to be offered to any newly appointed senior manager will be in accordance with the pay structure and relevant policies in place at the time of recruitment. As previously stated, the pay structure will be affected during 2015/16 by the intended Senior Manager Pay and Grading Review, including the application of job evaluation to posts covered by the scope of that Review.

6. Performance Related Pay and Bonuses for Senior Managers

- 6.1 With the exception of annual progression through the incremental scale of the relevant grade (which is itself subject to satisfactory performance), the level of remuneration is not variable dependent upon the achievement of defined targets.
- 6.2 The Council does not award any performance related pay or bonuses to its senior managers.
- 6.3 To meet specific operational requirements, it may be necessary for an individual to take on additional duties to their identified role on a temporary basis. Any such arrangements for a senior manager would be considered and determined by the Council's Employment and Appointments Committee.

7. Payments to Senior Managers on Termination

- 7.1 The Council's approach to these issues is determined by the circumstances of the termination of the employment in each case. For example, this might be via Voluntary Severance, Compulsory Redundancy or Early Retirement.
- 7.2 The Council's approach to statutory and discretionary payments on termination of a senior manager's employment prior to reaching normal retirement age is set out within its policy statement in accordance with the Local Government Pension Scheme (Administration) Regulations 2013 (Regulations 60(1) and (5)) and the Local Government Pension Scheme (Administration) Regulations 2008 (Regulation 66(1)). In this respect, the Council's treatment of senior managers is identical to its treatment of any other employee.

7.3 Any payments falling outside of these provisions or the relevant periods of notice within the contract of employment shall be subject to a formal decision made in accordance with the Council's Scheme of Delegation.

8. Publication of Senior Officer Remuneration Information

8.1 Upon approval by the full Council in accordance with legislation, this statement will be published on the Council's web site.

8.2 In addition, for posts where the full-time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include details of:-

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to United Kingdom income tax;
- any compensation for loss of employment and any other payments connected with termination; and,
- any benefits received which do not fall within the above.

8.3 Any other related information (such as job responsibilities and the organisation's structure) will also be made available.

9. Lowest Paid Employees

9.1 The Council's lowest paid employee is remunerated at an equivalent rate of £13,500 per annum. This grade is the lowest rate of pay within the Council's pay scales, which follow nationally negotiated pay settlements and awards. As a result of the national pay settlement for 2014-2016, the remuneration for the lowest paid Council employee will become £13,614 per annum with effect from 1 October 2015. The Council's commitment to becoming a Living Wage employer from 1 October 2015 will result in this figure being revised in due course.

9.2 The relationship between the rates of pay for the lowest paid and those of senior managers is determined by the processes used for determining pay and grading structures as set out earlier in this statement. The applicable pay multiple⁽²⁾ (i.e. based on employee and pay information as at 1 April 2015) will be published on the Council's website after that date.

- 9.3 The median average pay of a full-time employee within the Council is currently approximately £20,055. The mean average is £21,500. These average salary figures do not include staff employed by the Borough's schools, who are employed independently of the Authority.
- 9.4 As part of its overall and ongoing monitoring of alignment with external pay markets both within and outside the sector, the Council will use available benchmark information and specialist advice as appropriate.

10. Accountability and Decision-Making

In accordance with the Council's Constitution, the Employment and Appointments Committee is responsible for decision-making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to senior managers of the Council.

11. Re-employment/Re-engagement of Former Senior Managers

The Council will not re-employ any senior manager who was previously made redundant by the Council, and will not later re-engage such officers under a contract for service.

Knowsley Council
March 2015

*Note - Supplementary to the approval of this Pay Policy statement on 4 March, it has been necessary to add the following foot notes to reflect subsequent events or amended information material to the content of the statement: -

- (1) Agreement was reached and notified to Local Authority's on 25 March 2015 that the individual salaries and salary scales of all officers within scope of the JNC for Chief Executives of Local Authorities should be increased by two per cent only on guaranteed FTE basic salary of £99,999 or less as at 31 December 2014. This pay agreement covers the period to 31 March 2016. This decision has no effect on the salaries referred to in this section of the statement;
- (2) As at 31 March 2015, the applicable pay multiple (the ratio between the highest paid salary and the median salary of the whole of the Authority's workforce) was 7.97:1.