

COUNCIL – 13 FEBRUARY 2018

ANNUAL REPORT OF THE REMUNERATION COMMITTEE TO OXFORDSHIRE COUNTY COUNCIL ON THE COUNCIL'S PAY POLICY STATEMENT

Report by Director of Human Resources

Introduction

1. In 2012 a stand-alone Remuneration Committee was set up to report each year directly to full Council and to make recommendations regarding the Council's Pay Policy Statement. This is the updated report of the Remuneration Committee for 2017-18.

Context

2. The Localism Act 2011 required all councils to agree and publish a pay policy statement every financial year. The Act lays down requirements on the content of the statement. This requirement is supplemented by detailed guidance from the Department for Communities and Local Government entitled 'Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act'.
3. In addition, the Code of Recommended Practice for Local Authorities on Data Transparency (updated in 2014) requires that Councils publish prescribed information on senior pay, jobs and organisational structures. The definition of senior pay under the Code is wider than the top management team and includes senior managers earning more than £50,000 per annum. Employees whose salary exceeds £150,000 p.a. must be named. Some of this information is already published each year in the Council's Statement of Accounts.
4. Full details, as required by the Act and Code of Practice, will be published on the Council's web site and will be available on request.
5. The Council has for many years managed its pay by adopting balanced terms and conditions of employment and by exercising a range of effective managerial rules and processes which have allowed services to operate efficiently within the budgetary constraints which apply. Benchmarking information is available at Annex 1. The Council welcomes this opportunity to be open and accountable about the management of pay and seeks to publish a Pay Policy Statement which embraces the spirit and the letter of the legislation and guidance.
6. In summary the pay policy statement must as a minimum include details of the Council's policy on:

- The remuneration of its Chief Officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and other officers
7. The Pay Policy Statement at Appendix 2 contains the remuneration information as of 1st April 2017

Revised Pay Policy Statement

8. The Pay Policy Statement at Annex 2 fulfils the requirements set down by the relevant legislation, codes etc. This Pay Policy Statement will be reviewed by the Council annually. All general changes to pay will be subject to agreement by Remuneration Committee. Changes to grades of senior officers are approved by Remuneration Committee.
9. Until March 2017, the Oxfordshire Local Agreement was in place. This three-year agreement has now expired and Local Government (Green Book) employees are again part of national agreements.
10. A similar three year local agreement was introduced for Senior managers, known as the Oxfordshire Senior Staff Local Agreement. This too has expired and Senior Staff are again part of national agreements.
11. Local Government (Green Book) employees and Senior Managers received a 1 per cent increase in 2017, with additional increases on the scale points 5 - 17 (Grade 1 - 5).
12. Oxfordshire continues to have a low rate of unemployment, as such, it is important that the Council remains competitive in the levels of pay and terms and conditions it offers in order to recruit and retain good quality staff.
13. Benchmarking data on pay and severance is attached at Appendix 1.
- This shows that the Chief Executive Pay at Oxfordshire County Council is 9.42% below the median and 9.68% below the average for County Councils.
 - Benchmarking data on severance arrangements show that Oxfordshire is in line with other Councils.
 - The data on the ratio between the highest and lowest paid employees in the County Councils selected shows Oxfordshire is below both the average and the median. This would indicate that our lowest paid employee is paid more in relation to the highest paid that at other County Councils.
 - The data on the ratio between the highest and median paid employees in the County Councils selected shows Oxfordshire is below both the average and below the median. This would indicate that the midpoint of our all employees' salaries are higher in relation to the highest paid employee than at other County Councils.

14. The Pay Policy Statement has a slightly changed format, has no Annexes, includes our position to the Living Wage, includes greater detail on the Pay Supplements that are in use and details of the different pay schemes that are in operation

RECOMMENDATIONS

15. **The Council is RECOMMENDED to:**
 - (a) receive the report of the Remuneration Committee;
 - (b) approve the revised Pay Policy Statement at Annex 2 to this report.

STEVE MUNN
Director of Human Resources

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Background Papers: None

February 2018

Annex 1

Benchmarking

Chief Executive Pay 2016/2017

Organisation	2016/2017
Oxfordshire	£175,000
Warwickshire	£172,866
Buckinghamshire	£195,981 (includes interim period)
Hampshire	£211,935
Northamptonshire	£187,000

Organisation	Oxfordshire County Council	Median for County Councils ¹	Average for County Councils
Chief Executive	£175,000	£191,491	£191,946

Pay Multiples as of April 2016

Organisation	Highest Paid: Lowest ratio	Highest Paid: Median Ratio
Oxfordshire	1:12.47	1:6.1
Warwickshire	1:12	1:7
Buckinghamshire	1:13	1:7.2
Hampshire	1:14.2	1:9.97
Northamptonshire	1:12.66	1:7.5

Redundancy

Organisation	Method of Redundancy Calculation	Multiplier
Oxfordshire	Actual Salary	1.5
Warwickshire	Actual Salary	1.75 for the first £26,539 of an employee's salary
West Berkshire	Actual Salary	1.5
Buckinghamshire	Actual Salary	1.5
Hampshire	Actual Salary	0.5 – 1.5 depending on age
Northamptonshire	Actual Salary	1.5

¹ Benchmarked against Warwickshire, Buckinghamshire, Hampshire and Northamptonshire

Annex 2



Oxfordshire County Council Pay Policy Statement

This policy statement was reviewed by the Remuneration Committee and has been approved by the Council. It will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective. It is effective from **1st March 2018**.

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Overview

1. Oxfordshire County Council aims to develop and implement reward systems and structures which meet the following requirements:
 - Allow the Council to recruit and retain high calibre employees to provide high quality services
 - Maintain levels of pay which are in line with the Council's financial policies and provide value for money
 - Are open, transparent and accountable
 - Are fair and consistent

2. The purpose of this statement is to support the transparency of the Council's approach to setting pay by detailing:
 - The methods by which salaries of all roles are determined
 - The methods by which employees progress their individual pay within their role
 - The detail and level of remuneration of our most senior staff (Chief Officers) as defined by the relevant legislation

Application

3. This Pay Policy Statement applies to all employees except for those employed by Schools.

Definitions

4. To support the transparency of this Pay Policy Statement, below are definitions for common words / phrases that are used throughout.
 - "Chief Officers"
 The definition of chief officers is defined as all officers who are employed on the JNC terms and conditions for Chief Officers. This includes:
 - Chief Executive (Head of Paid Service)
 - Strategic Director for People (Director of Public Health)
 - Strategic Director for Communities
 - Director for Community Safety & Chief Fire Officer
 - Director for Children's Services
 - Director for Adult Services
 - Director of Finance (Section 151 Officer)
 - Director of Human Resources
 - Director of Law and Governance (Monitoring Officer)
 - Assistant Chief Executive

Deputy Director of Public Health
 Director of Customer Experience
 Director for Planning and Place
 Director for Infrastructure Delivery
 Director for Property, Assets and Investment

- “Lowest Paid Employees”
 The lowest paid employees are those who are paid in Grade 1, Spinal Point 6 which is the lowest normal pay point. It is currently payable to some cleaning staff and lunchtime supervisors. Lowest paid employees excludes apprentices due to their trainee status and excludes staff who have transferred in to the Council under TUPE protected rates
- “Pay Multiple”
 The pay multiple is the relationship between two different pay amounts, showing the number of times one value contains or is contained within the other. The relationships will be shown between:
 - the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the lowest paid taxable earnings
 - the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole workforce

Legislation

5. This Pay Policy Statement fulfils Oxfordshire County Council’s legal obligations under The Localism Act 2011.
6. The Council will also publish details of its senior pay, salary and organisational structure information as required by the Local Government Transparency Code 2015.
7. This Statement will be published on the Council’s public website and will be available in other formats upon request.
8. Procedural and approval requirements set down in the Council’s Constitution will be applied as required.

Pay Strategy

9. We undertake a comprehensive review of the remuneration of all staff each year, taking into consideration hourly pay rates and other significant benefits such as annual leave above the statutory requirements, employer pension contributions and training and development. We believe that taking a holistic view to remuneration ensures that our staff are rewarded fairly and encourages us all to think of total reward packages rather than a single component such as base pay.

10. When annual leave above the statutory minimum requirements and employer pensions contributions are added to our lowest pay rates, the hourly rate equates to £9.39. This is currently 7.3% above the Voluntary Living Wage of £8.75.

Pay Design

11. There are 9 pay schemes in operation (in agreement with trade unions). These are:
- Joint Negotiating Committee for Chief Officers
 - Green Book (majority of Council employees)
 - National Joint Council for Chief and Assistant Chief Fire Officers
 - Grey Book (Firefighters)
 - Blue Book (Soulbury Committee covering Educational Psychologists)
 - Burgundy Book (Teachers)
 - National Joint Council for Workshops for the blind
 - National Joint Council for Coroners
 - Public Health
12. The Council ensures that all pay arrangements can be objectively justified through the use of Job Evaluation methods.
- Oxfordshire County Council uses the National Green Book job evaluation scheme up to a Grade 18
 - Roles above Grade 18 are subject to a separate job evaluation process which is currently Hay
 - Chief Officer roles were subject to a comprehensive external Senior Manager review in 2016 and salaries reflect the outcome of that review
13. The grade of each role determines the pay which may be awarded. For most grades, there are four increment pay points through which employees can progress.
14. Grading structures for all groups of employees will be implemented in line with agreed published pay scales and agreed relevant national terms and conditions of employment.
15. Any pay or grading changes for Chief Officers are considered and, if agreed, approved by the Remuneration Committee.
16. Salary packages for a new post in excess of £100,000 p.a. will be subject to formal approval by full Council.

Pay Structures

Pay Grades and Progression

17. Most jobs have a grade with four increment points. When an employee is appointed to a new role it is typically at the bottom of the grade, unless they have significant experience in a similar role.
18. Annually (usually on the 1st April), pay awards are implemented in line with local or national negotiations. Employees progress to the next increment point as long as they have been on their existing pay point for six months or more. This system recognises their increasing experience and performance. Progression continues until they reach the top of the grade.
19. High levels of performance are expected from *all* employees and where standards are not satisfactory prompt managerial action will be taken to improve performance. This may include with-holding incremental rises or disciplinary/capability action in accordance with agreed procedures.

Pay Supplements

20. From time to time it may be necessary to pay special allowances or supplements to individual employees as part of their employment contract where specific circumstances require this and where it can be justified in accordance with council policies. Such allowances are determined by Council policy. The Council uses the following:
 - Market supplements in order to attract and retain employees with particular experience, skills and capacity, for example when there are skills shortages locally or nationally. Market supplements must be agreed by the Job Evaluation Moderation Panel which is responsible for the local determination of job grades
 - Special payments where an employee has taken on additional duties and responsibilities for a defined period of time, for example covering a vacancy or taking on a special project
 - Retention Bonuses used in areas where there are particular challenges in retaining the experienced staff required such as Social Workers
 - A Golden Hello of £3500 is used to encourage experienced children's social workers in to our Assessment and Family Support Teams
 - An Introductory Fee may be paid to an employee who formally introduces a children's social work applicant and they are successfully appointed to an approved post. The introductory fee will be paid to the introducer
 - On Call Allowances to compensate employees for their requirement to be available with limited notice
 - Car Allowances are applicable in a handful of circumstances, such as when staff have transferred in to the Council under TUPE protected supplements
 - Certain roles also attract shift allowances for working weekends and/or bank holidays. Night shift premiums and allowances for waking nights are also applicable in certain roles

21. The council will ensure that the requirement for additional allowance or supplement is objectively justified by reference to clear and transparent evidence and where market supplements are considered that this is with reference to data available from within and outside the local government sector.
22. Pay Supplements are subject to reviews as appropriate.

Other employment-related arrangements

Local government pension scheme

23. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme (LGPS).
24. The employee contribution rates, which are defined by statute, currently range between 5.5 per cent and 12.5 per cent of pensionable pay depending on actual salary levels.
25. The Employer contribution rates are set by Actuaries and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current average rate is 19.9 per cent.
26. Employees who are in the main section of the LGPS can boost their pension benefits at retirement by buying additional pension up to £6,755 per year. This figure will increase each year in line with the cost of living.
27. Employees can also save Additional Voluntary Contributions to build up a pot of money which is then used to provide additional benefits to the LGPS benefits such as to buy an annuity.
28. The Council will not at any time augment the pension or membership of employees nor award or fund additional pension to employees unless required to do so by the LGPS Regulations.

Fire Brigade pension scheme

29. Subject to qualifying conditions, employees have a right to belong to the Firefighters' Pension Scheme.
30. The employee contribution rates are dependent upon which Scheme the employee is a member of and their actual salary levels. The rates currently range between 8.5 per cent and 17 per cent of pensionable pay.
31. The Employer contribution rates are vary depending on the scheme between 14.3% to 21.7%

32. Employees can purchase Additional pension in line with the Government Actuary's Department guidance

Benefits schemes

33. As part of the Reward Strategy to recruit and retain high calibre employees, the Council provides a wide range of benefits including 'Cycle to Work' salary sacrifice schemes and discounts schemes which support the local economy.
34. A full review of the Benefits offered by the Council is scheduled to be undertaken in 2018.

Expenses

35. Expenses are based on nationally agreed levels except car mileage which is based on the Inland Revenue All Car rate, currently 45 pence per mile, falling to 25 pence for miles travelled in excess of 10,000 per annum.

Pay arrangements for Senior Management

36. The posts falling within the statutory definition of 'Chief Officers' are set out below with details of their basic salary and any allowances as at 1st April 2017, unless otherwise stated.

Role	Pay Scale
Chief Executive (Head of Paid Service)	£175,000 (effective from 1-2-2017)
Strategic Director for People (Director of Public Health)	£103,490 / £183,585 with On Call Allowance, Clinical Excellence Award, Director of Public Health Award and Additional Programmed Activities Awards)
Strategic Director for Communities	£141,400
Director for Community Safety & Chief Fire Officer	£125,982 / £134,732 (with On Call Allowance)
Director for Children's Services	£126,250
Director for Adult Services	£126,250

Director of Finance (Section 151 Officer)	£123,636
Director of Human Resources	£123,636
Director of Law and Governance (Monitoring Officer)	£123,636
Assistant Chief Executive	£111,272
Deputy Director of Public Health	£100,431 / £105,453 (with On Call Allowance)
Director of Customer Experience	£102,137
Director for Planning and Place	£98,933 (effective from 6-9-2017)
Director for Infrastructure Delivery	£98,933 (effective from 6-9-2017)
Director for Property, Assets and Investment	£98,933 (effective from 1-9-2017)

37. Salaries are reviewed annually by the Joint Negotiating Committee for Chief Executives, Joint Negotiating Committee for Chief Officers, and the National Joint Council for Chief and Assistant Chief Fire Officers (as applicable) and changes usually take effect from 1st April.
38. The Council does not apply any bonuses or performance related pay to its Chief Officers.
39. On appointment, salaries are determined based on market data and with reference to the outgoing post holder.
40. Where the Chief Executive or other officer receives election fees these will be shown separately to salary. These fees are set annually by the Council's Audit and Governance Committee. In addition, a comprehensive review of election fees is undertaken by the Audit and Governance Committee every four years in readiness for the County quadrennial elections.

Pay Multiples as of 1st April 2017

41. The highest paid officer in the Council currently receives £183,585 per annum including all elements of pay other than election fees.
42. The current lowest full time salary paid by the Council is £15,014 per annum.
43. The current pay multiple between the lowest paid (full time equivalent) employee and the highest paid (full time equivalent) employee is 1:12.3.
44. This is well within the limits recommended by The Hutton Review of Fair Pay in the Public Sector (2010) of the highest paid earning no more than 20 times the lowest paid employees.
45. The Council's median annual salary is £29,638 per annum.
46. The multiple between the median full time equivalent earnings and the highest paid (full time equivalent) is 1:6.19.

Payments on termination of employment

47. The Oxfordshire County Council Redundancy Scheme applies to *all* employees and is currently one and a half times statutory entitlement based on actual pay. It will apply where redundancy payments are due.
48. All employees who have received a redundancy payment in relation to the termination of their contracts of employment will be subject to the provisions of the Redundancy Modification Order and will be subject to Local Government Pension Scheme (LGPS) Regulations or other pension scheme regulations where applicable.
49. Severance payments for *all* employees will comply with the Council's Pensions and Retirement Policy. This sets out that early retirement may be granted for employees aged 55 years and over with at least two years' membership in the LGPS.
50. Where other severance payments are appropriate such payments will be approved by the Director of Human Resources, Director of Law and Governance and the Director of Finance, and will be the subject of a Settlement Agreement for the purpose of compromising any compensation for which the council may otherwise be legally liable.

Publication of pay statement

51. In accordance with publication requirements, a table showing information on the current pay of the Chief Executive, Directors, Assistant Directors, Assistant Chief Executive and other officers earning over £50,000 pa, will be published on the Council's web site². All allowances and other payments will be shown.

Steve Munn
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 January 2018

² <https://www.oxfordshire.gov.uk/cms/content/annual-accounts-and-audit>