

COUNTY COUNCIL – 12 FEBRUARY 2019

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

Report by Strategic Director of Resources

RECOMMENDATION

The Council is RECOMMENDED to:

- (a) receive the report of the Remuneration Committee;**
- (b) approve the revised Pay Policy Statement at Annex 1 to this report.**

Executive Summary

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 for the Remuneration Committee for 2019-20.
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.
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.

Background

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.. 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 Annex 1 contains the remuneration information as of 1st January 2019

Pay Policy Statement

8. The Pay Policy Statement at Annex 1 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. Local Government (Green Book) employees and Senior Managers received a 2 per cent increase in 2018, with additional increases on the scale points 6 - 19 (Grade 1 - 6).
10. New scale points are being introduced in 2019 which will help to deal with the compacting of differentials at the lower end of the spine, will revise the current gaps between certain pay points and introduce an even increment of 2% between the new scale points 1 to 22.
11. 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.
12. As per 2018-19, the Pay Policy Statement 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.

The relationship between the remuneration of Chief Officers and other officers

13. The pay policy includes details between the remuneration of Chief Officers and other officers. To allow for clear comparison over the previous three years, a table is included below.

	2017	2018	2019
Highest Paid Salary	£181,037	£183,585	£144,228
Lowest Paid Salary	£14,514	£15,014	£16,394
Pay Multiple between lowest paid & highest	1:12.5	1:12.3	1:8.8

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paid			
Median Salary	£29,638	£29,638	£29,055
Pay Multiple between median & highest paid	1:6.1	1:6.1	1:4.96

NICK GRAHAM

Strategic Director of Resources

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Background Papers: None

January 2019

Annex 1

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 2019.

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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 the officer designated as the head of the authority's paid service; a statutory chief officer - which under the Local Government and Housing Act 1989 means Director of children's services, Director of adult social services, Director of public health, Section 151 Officer and Monitoring Officer; and a non-statutory chief officer - which under section 2(7) of the 1989 Act means direct reports of the head of paid service (HOPS), a person for whom the HOPS is directly responsible, a person who as respects all or most of their duties is required to report directly or is directly accountable to the HOPS, or a person who as respects all or most of their duties is required to report directly or is directly accountable to Full Council or a committee or sub-committee.

For the purposes of Oxfordshire County Council these posts are:

- Chief Executive (Head of Paid Service)
 - Statutory chief officers
 - Director for Children’s Service
 - Director for Adult Services
 - Director of Public Health
 - Director of Finance (Section 151 Officer)
 - Strategic Director for Resources (Monitoring Officer)
 - Non- statutory chief officer
 - Strategic Director of Communities
 - Strategic Director of Resources
 - Assistant Chief Executive
- “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 £10.32. This is currently 14.65 per cent above the Voluntary Living Wage of £9.00.

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 Local Government Association approved Senior Manager job evaluation scheme
 - 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. The Remuneration Committee is the appointing body for 'Strategic Directors and Statutory Chief Officers only (apart from the Monitoring Officer).
16. For non-statutory chief officers and directors who come under the definition of Deputy Chief Officer, the appointor would be the Head of Paid Service.

Post	Regulatory Description	Appointor under Constitution
Head of Paid Service	Head of Paid Service	Full Council
Director for Children's Service	Statutory Chief Officer	Remuneration Committee
Director for Adult Services	Statutory Chief Officer	Remuneration Committee
Director of Public Health	Statutory Chief Officer	Remuneration Committee
Director of Finance	Statutory Chief Officer	Remuneration Committee
Monitoring Officer	Statutory Chief Officer	Full Council
Director for Children's Service	Statutory Chief Officer	Remuneration Committee
Strategic Director of Communities	Non-statutory Chief Officer	Remuneration Committee
Strategic Director of Resources	Non-statutory Chief Officer	Remuneration Committee
Assistant Chief Executive	Non-statutory Chief Officer	Head of Paid Service
Various posts – i.e. those reporting to the HOPS, Statutory and Non-Statutory Chief Officers	Deputy Chief Officers (includes Chief Fire Officer)	Relevant chief officer e.g. HOPS, Strategic Director or Director

17. It still remains that the Cabinet consultation procedure would be utilised as required by regulations for Chief Officer posts.
18. Any pay or grading changes for Chief Officers are considered and, if agreed, approved by the Remuneration Committee.
19. 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

20. 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.
21. 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.

22. 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

23. 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
24. 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.
25. Pay Supplements are subject to reviews as appropriate.

Other employment-related arrangements

Local government pension scheme

26. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme (LGPS).
27. 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.
28. 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.
29. Employees who are in the main section of the LGPS can boost their pension benefits at retirement by buying additional pension up to £6,822 per year. This figure will increase each year in line with the cost of living.
30. 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.
31. 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

32. Subject to qualifying conditions, employees have a right to belong to the Firefighters' Pension Scheme.
33. 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.
34. The Employer contribution rates also vary depending on the scheme between 14.3 per cent to 21.7 per cent
35. Employees can purchase Additional pension in line with the Government Actuary's Department guidance

Benefits schemes

36. 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.

37. A full review of the Benefits offered by the Council is continuing into 2019 from 2018.

Expenses

38. 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

39. 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 January 2019, unless otherwise stated.

Role	Pay Scale
Chief Executive (Head of Paid Service)*	£190,000
Strategic Director for Resources (Monitoring Officer)	£144,228
Strategic Director for Communities	£144,228
Director for Children's Services	£128,775
Director for Adult Services	£128,775
Director of Finance (Section 151 Officer)	£126,109
Assistant Chief Executive	£113,498 (£126,109 FTE)
Director of Public Health	£113,460 / £118,685 (with On Call Allowance)

*The Chief Executive post is not directly employed by Oxfordshire County Council, instead shared with Cherwell District Council. The figure shown is the full salary that is shared between the two.

40. 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.
41. The Council does not apply any bonuses or performance related pay to its Chief Officers.
42. On appointment, salaries are determined based on market data and with reference to the outgoing post holder.
43. 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 January 2019

44. The highest paid officer in the Council currently receives £144,228 per annum including all elements of pay other than election fees.
45. The current lowest full time salary paid by the Council is £16,394 per annum.
46. The current pay multiple between the lowest paid (full time equivalent) employee and the highest paid (full time equivalent) employee is 1:8.8, a reduction from the previous 1:12.3.
47. The Council's median annual salary is £29,055 per annum.
48. The multiple between the median full time equivalent earnings and the highest paid (full time equivalent) is 1:4.96.

Payments on termination of employment

49. 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.
50. 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.
51. 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.
52. Where other severance payments are appropriate such payments will be approved by the 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

53. 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 site¹. All allowances and other payments will be shown.

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January 2019

¹ <https://www.oxfordshire.gov.uk/cms/content/annual-accounts-and-audit>