

## FULL COUNCIL REPORT

|                   |                 |
|-------------------|-----------------|
| Date Written      | 3 April 2018    |
| Report Author     | Jeremy Ashdown  |
| Service Area      | Human Resources |
| Exempt/Non Exempt | Non Exempt      |
| Committee Date    | May 2018        |

*To: Mayor, Ladies and Gentlemen*

## Pay Policy Statement 2018/19

### 1.0 SUMMARY OF THE REPORT

- 1.1 This report is intended to provide Council with an update on the developments with the Pay Offer for staff employed under the Local Government Service (Green Book) terms and conditions. It also takes the opportunity to update members with regards to Chief Executive, Chief Officer and Craftworker Pay Offers. Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a Pay Policy Statement for each financial year which must be approved formally by Full Council. Pay policy statements can be amended 'in-year' should the need arise but only by Full Council.

### 2.0 RECOMMENDATION(S) that

- 2.1 The Pay Policy 2018-20, to be implemented from 1<sup>st</sup> April 2018, be approved.

### 3.0 INTRODUCTION AND BACKGROUND

- 3.1 In accordance with section 38 (1) of the Localism Act 2011, the Council has a duty to prepare and publish a pay policy statement for each financial year, setting out its policies across a range of issues related to its workforce, particularly the pay of senior staff and its lowest paid employees, but excluding employees managed by school governing bodies. The statement must be approved by Full Council.
- 3.2 The proposed pay policy statement for 2018-19, prepared in accordance with the guidance issued by Welsh Government is available via the background papers link. On approval, it will be published on the authority's corporate website.

- 3.3 All Council Staff are engaged on National Terms and Conditions, which are reviewed annually. The Employers Organisation will consult and negotiate with all recognised trade unions on a national basis.
- 3.4 The Statement that updated in line with guidance produced by the Public Services Staff Commission “Transparency of Senior Pay in the Devolved Welsh Public Sector” and to reflect national and local developments in pay.
- 3.4 Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions in the Act do not seek to change this or to determine what decisions on pay should be taken or what policies individual employing authorities should have in place. Rather, they only require that authorities are open about their own local policies and how their local decisions are made.
- 3.5 This report has been prepared and written by the Interim Head of Human Resources, Organisational Development, Pensions, Payroll and Health & Safety. The Pay Policy reflects the current grading of the substantive officer. Given recent cases where concerns have been expressed about Officers being involved in the preparation of reports that affect their own pay, this point is explicitly drawn to the attention of Members of the Council.
- 3.6 This is the Seventh Pay Policy statement that has been produced and published by Merthyr Tydfil County Borough Council.

#### **4.0 EMPLOYERS OFFER TO TRADE UNIONS**

- 4.1 The Employers side of the National Joint Committee (NJC) made a final offer to Trade Unions in December 2017 which was for 2 years covering 2018/19 and 2019/20 and involved a revised pay spine being introduced in the second year. All three constituent trade unions (GMB, Unison, and Unite) agreed to consult their members on the offer.
- 4.2 The proposal included an element of ‘bottom loading’, where the lower spinal column points were below the foundation living wage threshold. As a result, many authorities have had to award higher than 2.0% increases to colleagues at the lower end of the pay scale. This does not apply to Merthyr Tydfil as a result of its proactive approach. It is only one of a small number of authorities that introduced the foundation living wage for its entire staff/
- 4.2 Agreement has been reached between the National Employers and the National Joint Committee Trade Union Side on rates of pay applicable from 1<sup>st</sup> April and 1<sup>st</sup> April 2019. UNISON and GMB both voted to accept whilst UNITE voted to reject. However, in line with the Constitution of the NJC, Unite accepts the collective majority decision of their other unions that the pay award should now be implemented.
- 4.3 The pay offer includes a recommendation of new spinal column points to be introduced with effect from 1<sup>st</sup> April 2019. This presents some assimilation challenges. These will be explored further by the Head of Paid Service and proposals will be made regarding the assimilation in a future report to Council.

## **5.0 CONTENT OF THE PAY POLICY**

- 5.1 The National Joint Council agreed a two year pay deal for Local Government Services employees, with pay awards effective from 1<sup>st</sup> April 2018 and 1<sup>st</sup> April 2019.
- 5.2 The Joint National Council (JNC) for Chief Officers of Local Authorities and the JNC for Chief Executives of Local Authorities also agreed two year pay deals, with pay awards effective from 1<sup>st</sup> April 2018 and 1<sup>st</sup> April 2019.
- 5.3 The Soulbury Committee and the JNC for Youth and Community Workers agreed two year pay deals for Soulbury Officers and Youth and Community Workers respectively, effective from 1<sup>st</sup> September 2018 and 1<sup>st</sup> September 2019.
- 5.4 Employees on all terms and conditions, other than Chief Officers, may be paid overtime, where appropriate, in accordance with the relevant provisions of their terms and conditions of employment as supplemented by local agreement. Chief Officers are not eligible for overtime but are expected to undertake duties outside their contractual hours and working patterns as is commensurate with their salary level without additional payment.
- 5.5 Overtime payments are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by the Council Constitution and the Scheme of Delegation contained therein.
- 5.6 There is a local agreement currently in place in relation to overtime payments for staff over SCP 28:
  - i. Emergency callout - Pay at actual SCP at premium rate;
  - ii. Planned overtime - Pay at actual SCP at single rate; Unplanned overtime - Add to flexi balance (NB No payment for any unplanned overtime).

## **6.0 GENDER PAY GAP**

- 6.1 Members will be aware that Gender Pay legislation was introduced, where all public and private sector organisations in England were required to disclose the Pay Gap. This is an equality measure that shows the difference in average earnings between women and men. Nationally, the UK gender pay gap is at its lowest level ever at just over 18%.
- 6.2 The gender gap at Merthyr Tydfil is reported annually via the Annual Equality Report. The Council's strategic Equality Plan and objectives were approved by full council on 7<sup>th</sup> March 2018. The gap at Merthyr Tydfil is low at 5.32%. For comparison purposes, the UK gender pay gap is just over 18%.

## **7.0 FINANCIAL IMPLICATION(S)**

- 7.1 There are financial implications related to applying the Pay Policy, however these are already in place and are merely defined more clearly within this statement.

## 8.0 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has concluded that the proposals have a non-discriminatory impact for all protected characteristics. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.
- 8.2 In determining pay and remuneration, the Council complies with relevant employment legislation, including the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, Agency Workers Regulations 2010 and where relevant the Transfer of Undertakings (Protection of Earnings) Regulations.
- 8.3 The Council has sought to ensure that there is no pay discrimination within its pay structures and that pay differentials can be objectively justified primarily through the use of an equality proofed job evaluation mechanism which directly relates basic pay to the requirements, demands and responsibilities of each job role.

**GARETH CHAPMAN**  
**CHIEF EXECUTIVE**

**COUNCILLOR ANDREW BARRY**  
**CABINET MEMBER FOR GOVERNANCE**  
**& CORPORATE SERVICES**

| BACKGROUND PAPERS   |                  |                   |
|---|------------------|-------------------|
| Title of Document(s)  | Document(s) Date | Document Location |
|   |                  |                   |
| Does the report contain any issue that may impact the Council's Constitution? |                  |                   |

***Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.***



# PAY POLICY STATEMENT

## 2018-19

Published in accordance with section 43 of the  
Localism Act 2011

## 1. INTRODUCTION

- 1.1 The Local Government Act 1972 (Section 112) sets out the Council's '*power to appoint officers on such reasonable terms and conditions as the Authority thinks fit*'. More recently the requirements within Section 38(1) of the Localism Act 2011 sets out the need for Welsh and English local authorities to produce and publish a Pay Policy Statement for each financial year.
- 1.2 This Policy details the:
- Council's policies towards the remuneration of Chief Officers;
  - Council's policies for the remuneration of its lowest paid employees;
  - Relationship between the remuneration of its Chief Officers and other employees
- 1.3 Section 38(4) of the Act requires Council's to publish:
- the level and elements of remuneration for each Chief Officer;
  - remuneration of Chief Officers at recruitment;
  - additions and increases to remuneration for Chief Officers;
  - the use of performance related pay for Chief Officers;
  - the approach to the payment of Chief Officers of their ceasing to hold office under or to be employed by the authority;
  - publication of and access to information relating to remuneration of Chief Officers
- 1.4 Furthermore, measures have been introduced as part of the Local Government Democracy (Wales) Act 2013, Local Authorities (Standing Orders) (Wales) (Amendments) Regulations 2014 and Welsh Government Guidance on Pay Policy Statements. These measures aim to create a more open and transparent senior pay policy. The additional measures include the need for:
- Council to vote on all determination or changes to JNC Chief Officer pay including Nationally negotiated pay rises;
  - the Council to publicly advertise all JNC Chief Officer vacancies externally (over £100,000);
  - Chief Officer severance packages over £100,000 to be taken to full Council.
- 1.5 This Pay Policy Statement supersedes the Pay Policy Statement 2017/18 by including the additional measures alongside the existing measures found within the previous Statement.
- 1.6 It should be noted that Merthyr Tydfil County Borough Council, an employer of circa 1,000 employees (non-schools) delivers complex services such as social care, regeneration, waste services, highways and engineering, and housing benefits to name but a few. The remuneration levels for each professional and technical area may be driven by other external or local influences. For the Council to respond to these markets, remuneration levels may differ between each group. This discretionary flexibility is required to respond to the local circumstances.

- 1.7 In the interest of transparency there are details of pay and grading charts within the appendices plus additional information on Chief Officer pay.
- 1.8 This Statement shall be publicised following an update every year. In addition, as required under the Accounts and Audit (Wales) (Amendment) Regulations 2010, posts where the full time equivalent salary levels as denoted in the Regulations shall include a note within the Annual Statement of Accounts setting out the total amount of:
- Any bonuses so paid or receivable by the person in the current and previous year;
  - Salary fees or allowances paid to or receivable by the person in the current and previous year;
  - Any sums payable by way of expenses allowances that are chargeable to UK income tax;
  - Any compensation for loss of employment and any other payments connected with termination;
  - Any benefits received that do not fall within the above.

## **2. LEGISLATIVE FRAMEWORK**

- 2.1 In addition to the above legal requirements, Merthyr Tydfil County Borough Council (the Council) will comply with the following legislation:
- Employment Rights Act 1996;
  - Equality Act 2010;
  - Employment Act 2002;
  - Part time Employment (prevention of less favourable treatment) Regulations 2000;
  - Agency workers Regulations 2010;
  - Transfer of Undertakings (Protection of Employment) Regulations 2014;
  - National Minimum Wage Regulations 1995;
  - Fixed Term Employees (prevention of Less Favourable Treatment) (Amendment) Regulations 2008;
- 2.2 With regard to the equal pay requirements contained within the Equality Act, the Council has sought to ensure that there is no unlawful discrimination within its pay structures and that all pay differentials can be objectively justified through the use of a valid job evaluation scheme which directly relates basic pay to the requirements, demands and responsibilities of each role.

## **3. SCOPE OF POLICY STATEMENT**

- 3.1 The Localism Act 2011 requires authorities to develop and make public their Pay Policy Statement on JNC Chief Officer remuneration (including on ceasing holding office) and their Policy for the lowest paid employees, explaining the relationship between Chief Officers and other workforce groups.

- 3.2 In the interest of transparency, the Council has chosen to produce a Policy Statement that is broader than the legal requirements. It also acts as a Policy for setting out the requirements for wider remuneration for the whole Council, namely Acting Up, Honorariums, and Market Supplements.
- 3.3 This Statement includes pay details for the following:
- JNC for Chief Officers;
  - National Joint Council (Green Book) for Senior Managers;
  - JNC for Chief Executives;
  - Soulbury
- 3.4 Once this Statement is approved by full Council as determined by legislation, it will be published externally. It will be updated yearly as part of an annual revision.
- 3.5 The content of this Statement as set out within the Localism Act 2011 will not prevent the Council from undertaking value for money exercises and making decisions that will ensure appropriate use of budgets.
- 3.6 The provisions in the Localism Act 2011 which relate to pay policy statements only apply to employees directly appointed and managed by a Council. Employees who are appointed and managed by school governing bodies are therefore not required to be included within the scope of pay policy statements. This reflects the legal position whereby school employees are employed by the Council, but decisions about the appointment and management of such employees are the prerogative of the Head Teacher or Governing Body, as appropriate.

#### **4. RETENTION AND REWARD**

- 4.1 All local authorities are operating in a time of austerity where striking a balance between affordable and equitable pay and attracting and retaining excellence is becoming more challenging. Merthyr Tydfil County Borough Council, like all other Councils, have no choice but to review the remuneration of the whole workforce to create an affordable pay and grading structure.
- 4.2 The Council has a moral as well as legal obligation to ensure that all employees are treated fairly and equitably. Using financial rewards to increase performance and attract specific skills is no longer viable. The Council has to find other ways of rewarding employees so that Merthyr Tydfil County Borough Council is seen as an 'employer of choice' despite the difficult financial circumstances.
- 4.3 The Council is also a major employer within the area, and to support economic growth needs to ensure that the wages offered to employees satisfies the Council's commitment to reducing poverty. When the local community has access to healthy lifestyles, it reduces the burden on social services. The Council has to therefore balance this correlation between financial security and social needs by offering employees a wage and employment contract that retains the community above the poverty line.
- 4.4 At times the Council may wish to recruit individuals with specific skills to undertake a set project where these skills are not found internally. The Council has put in place steps to ensure that any engagement with individuals, whether as an employee or self-employed consultant, falls within the requirements of the HMRC.
- 4.5 Employees on all terms and conditions, other than Chief Officers, may be paid overtime, where appropriate, in accordance with the relevant provisions of their terms and conditions of employment as supplemented by local agreement. Chief Officers are not eligible for overtime but are expected to



undertake duties outside their contractual hours and working patterns as is commensurate with their salary level without additional payment.

- 4.6 Overtime payments are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by the Council Constitution and the Scheme of Delegation contained therein.
- 4.7 There is a local agreement in place in relation to overtime payments for staff over SCP 28
- Emergency callout – Pay at actual SCP at premium rate.
  - Planned overtime – Pay at actual SCP at single rate.
  - Unplanned overtime – Add to flexi balance. (NB No payment for any unplanned overtime)

## 5. JOB EVALUATION

- 5.1 The Council uses the Greater London Provincial Council (GLPC) Scheme for employees up to Grade 12. For Senior Managers, including Heads of Service, Chief Officers and the Chief Executive, the Hay Scheme is used.
- 5.2 The two schemes ensure that the salaries are set using an objective and systematic process that rewards for the content of the job. This ensures equality and fairness. Local conventions ensure that the scheme is able to be applied to the local job requirements in a consistent manner.
- 5.3 Following the introduction of these two schemes, any new jobs or changes to existing jobs will be re-evaluated under one of these schemes.

## 6. PAY AND GRADING

- 6.1 The Council uses the Nationally agreed Pay and Grading Scheme which negotiates pay for those employees between SCP 6 and SCP 49. The remuneration within this is re-negotiated yearly by the National Employers. See 6.6 for details on how the National Living Wage will impact on the nationally agreed pay and grading structure.
- 6.2 The Council recognises the role of trade unions in consultation and negotiation of pay at local, regional and national levels. The Council supports the National Joint Councils and Joint Negotiating Committees which govern the national agreements concerning pay and conditions of service which are applicable to all of the employee groups referred to in this
- 6.3 The Council has chosen to increase the pay and grading for Merthyr Tydfil County Borough Council NJC Green Book employees to SCP 53. **Appendix A**
- 6.4 The Senior Manager pay and grading falls into a locally developed salary banding from Band A to Band D. **Appendix B** Chief Officers and Heads of Service are on, between Band B and Band D are on NJC Green Book terms and conditions.
- 6.5 Band A is a spot salary for the Director. The Chief Executive salary is a spot salary. **Appendix B** denotes the Directors, on Band A spot salary, and the Chief Executive, on a spot salary. Both are Hay evaluated.
- 6.6 **Appendix C** denotes Soulbury for educational psychologists.
- 6.7 Introduction of the Living Wage Foundation rates amends the grading structure locally where Grade 1 has moved from SCP 7 & 8 to SCP 13 & 14, Grade 2 has moved from SCP 8 to 14 to SCP 15 to 17 and Grade 3 has had the starting point increased from SCP 15 to SCP 18.

The Council will implemented the latest living wage increase that was announced in November 2015 at which point the hourly rate will increase to £8.25 to take effect from the 1st April 2016. **Appendix A**

## **7. MARKET SUPPLEMENTS**

- 7.1 Job Evaluation enables the Council to set fair and equitable pay for all employees. However, from time to time it may be necessary to assess the external market for pay differentials to attain and attract applicants with specific skills and experience.
- 7.2 For a market supplement to be agreed, the recruiting manager is required to research salaries in the external market, including neighbouring Councils and public sector organisations.
- 7.3 If EPay-check benchmarking is able to determine the salary ranges of the job, this will be utilised on behalf of the recruiting manager.
- 7.4 Prior to the recruiting manager processing the recruitment plan to advertise the job, a committee report needs to be brought to Cabinet for approval, with the supporting salary benchmarking data and comparable job details. Clear rationale denoting the objective reasons for the disparity in pay must be made clear within the report.
- 7.5 Where the job in question is recommended for a salary above £100,000, this committee report will also be brought to Council.

## **8. ACTING UP PAYMENTS (irregular)**

- 8.1 There may be occasion where an employee is asked to act up into a higher level job due to a prolonged absence of the incumbent (usually unplanned), or when a key job becomes vacant and the employee is covering the work until a decision on recruitment is made.
- 8.2 Where this lasts for less than 4 weeks, the employee will not receive additional payment.
- 8.3 Where this lasts for longer than 4 weeks, the employee will receive an additional payment which is backdated to the start of the acting up. If it is known that the acting up will last longer than 4 weeks from the start of the acting up, the payment can be authorised immediately.
- 8.4 The additional payment may be the difference between the substantive salary and that of the acting up salary (if the full duties are worked), or a proportion of this if the full duties are not worked. This is pro rated to the hours worked.
- 8.5 Payments will not be made if employees are covering for periods of annual leave or are acting in their capacity of a deputy to the incumbent as expected from time to time.
- 8.6 Where the absence is planned, such as for maternity/adoption leave, secondments and similar absences, the first consideration must be to temporarily appoint into the job. Where time is short, acting up may be a shorter term solution in advance of recruitment.
- 8.7 The choice of employee to act up needs to be made by reviewing which of the employees in the service area are undertaking work that is commensurate with the work that needs to be covered. It will usually be an employee in the next line management down. If more than one employee is suitable to act up, there needs to be a competitive process undertaken with a written record of the outcome to this process. This does not need to be a formal interview but must be robust enough to determine which candidate is suitable to cover the work and why.

- 8.8 Prior to a payment being made, a briefing paper must be approved by the Corporate Director and Head of HR. Payroll will need to be informed once approved.
- 8.9 The acting up payments will be reviewed every 3 months by the Corporate Director, Section 151 Officer and the Head of HR. If the acting up payment is required longer than 3 months (and especially if it lasts longer than 6 months), there will be a review of whether other alternative arrangements might be more suitable for the circumstances. This could include a recommendation to:
- Continue the acting up payments
  - Recruit a temporary employee
  - End the acting up payments
  - Alter the amount of acting up payment (linked to the percentage of the work undertaken)
  - Restructure the department
  - Include the additional duties on a permanent basis in the employee's job description  
(Which would then require a re-evaluation of the job)
- 8.10 Payments will discontinue immediately following the return to normal duties of the employee undertaking the acting up.
- 8.11 Managers must give due regard to the cost of the acting up and whether business continuity can be achieved in other ways.

## **9. ACTING UP PAYMENTS (regular/shift work)**

- 9.1 Some jobs within the Council require acting up as part of a weekly shift pattern to cover absences of team leader level employees. This form of acting up is common within care work and manual work areas of the Council. For instance, a senior care worker is required for each shift and so if a substantive senior care worker is unavailable a non-senior care worker (who has the relevant skills) will be able to act up for that shift. This is also required as part of the highways service where a lead gang supervisor is required for each gang. There are times when the acting up is for part of a shift or for a set number of hours.
- 9.2 When an employee is required within a rota to undertake shift cover/set hours for a higher paid employee they will be given the relevant remuneration for the work for that shift or for hours worked at the higher level. It is the responsibility of the manager to ensure they are suitable qualified and capable of undertaking the work.
- 9.3 The higher level work will be recorded on the timesheet and checked and signed off by the manager before submitting to Payroll.
- 9.4 If the higher level work is required on a frequent basis, the manager needs to review the core numbers of supervisor level jobs within the Service.

## **10. HONORARIUM PAYMENTS**

- 10.1 Where the Council wishes to recognise the significant and additional discretionary efforts of an employee who has undertaken additional work for more than 4 weeks, honoraria can be requested to be paid to the employee.

- 10.2 Honoraria payments will not be made where the work undertaken is within the remit of the employee's job description (including any other duties as deemed commensurate with the job) and deputising for the line manager. Honorarium payments are not made for exceptional performance when the employee is undertaking their own work requirements or due to additional hours being worked. Payments will also not be given to employees who have been asked to take on additional duties of a higher grade in advance of doing the work. This will be covered as part of Acting Up payment (see section 8).
- 10.3 An employee cannot receive acting up payment and honorarium for the same period of time.
- 10.4 Honoraria payments are one off payments that are given following a *significant* effort made by the employee to undertake *additional and discretionary* work. This could be due to a sudden and critical requirement to complete a time bound project or task of which the employee willingly gives their time and effort to undertake, whilst continuing to undertake their usual work. This work can also be planned, but it will be expected that other ways to reward for the work is considered first (e.g. creating a new temporary project job).
- 10.5 An honorarium payment may be paid to more than one employee if a 'team' have worked together to undertake the significant additional work.
- 10.6 If a manager wishes to recognise this effort and believes the work falls within the definition of an honorarium payment, they must write a briefing paper to the Corporate Director and Head of HR explaining the circumstances and the amount they recommend should be paid. The Corporate Director and the Head of HR will appraise the paper and make a decision on whether it can be paid and how much.
- 10.7 If agreed Payroll need to be informed. The amount to be paid is at the discretion of the Corporate Director and Head of HR, with advice from the Section 151 Officer.
- 10.8 Only one honorarium can be paid to each employee within a 12 month period.

## **11. PAY POINT AT RECRUITMENT**

- 11.1 All new appointments are to be made at the minimum point relevant to the grade. Exceptions to this may be made under a market force benchmarking exercise as denoted in Section 7 and/or in accordance with the Council Recruitment and Selection Policy.
- 11.2 Market force requests cannot be made at interview or following recruitment. All market force requests are made before the vacancy is advertised. If following the advertising of a vacancy it becomes clear that the salary is not attracting the right skills and experience, the manager needs to undertake steps within Section 7 before re-advertising the vacancy.
- 11.3 When an external employee from another Council is offered a job within Merthyr Tydfil County Borough Council as part of the recruitment process, they may be assimilated to the same SCP as they were on at the previous Council if it is within the grade range for the job.
- 11.4 For example, if an employee was on SCP 24, and the job offered at Merthyr Tydfil CBC is between SCP 19 and SCP 25, the SCP at recruitment will be SCP 24.
- 11.5 This will only be allowable when there is no break in continuous service. If a break of longer than 4 weeks has occurred, continuous service and the right to assimilation will be lost.
- 11.6 If the job offered at Merthyr Tydfil CBC does not have the current SCP within its grade for the job, then assimilation will not be possible.

## **12. REDEPLOYMENT RECRUITMENT**

- 12.1 If an employee is required to be matched to an alternative job as part of redeployment, and the alternative job is of a lower grade to that of the substantive job, the employee will be placed at the top of the grade. Usual pay protection rules will apply.

### **13. PAY AND PERFORMANCE**

- 13.1 The Council expects high levels of performance from all its employees and has an annual appraisal scheme and one to one process in place to review, evaluate and manage performance on an ongoing basis. Merthyr Tydfil County Borough does not operate a performance related pay appraisal system to any employee group.

### **14. EQUALITY PAY IMPLICATIONS - GENDER PAY GAP**

- 14.1 In April 2018, employers with over 250 employees were legally required to publish data relating to pay inequalities. Data published had to include the pay and bonus figures between men and women and included data from April 2017. Welsh public authorities listed in Schedule 19 of the Equality Act 2010 are subject to their own devolved regulations which include gender pay reporting. Figures on schools are excluded, unless they employ more than 250 staff.

- 14.2 The gender pay gap is an equality measure that shows the difference in average earnings between women and men. The gender pay gap does not show differences in pay for comparable jobs. Unequal pay for men and women has been illegal for 45 years. The causes of the gender pay gap are complex and overlapping:

- A higher proportion of women choose occupations that offer less financial reward (e.g. administration). Many high paying sectors are disproportionately made up of male workers (e.g. information and communications technology).
- A much higher proportion of women work part time, and part time workers earn less than their full-time counterparts on average.
- Women are still less likely to progress up the career ladder into higher paying senior jobs.

- 14.3 The gender gap at Merthyr is reported annually via the Annual Equality Report. The Council's strategic Equality Plan and Objectives were approved by full council on 7<sup>th</sup> March 2018. The gap at Merthyr is low at 5.32%. For comparison purposes, the UK gender pay gap is just over 18%.

| <b>Council (excl schools)</b> | <b>Mean Hourly Rate</b> | <b>Median Hourly Rate</b> |
|-------------------------------|-------------------------|---------------------------|
| <b>Male</b>                   | 14.47                   | 12.18                     |
| <b>Female</b>                 | 13.70                   | 11.74                     |
| <b>Pay Gap</b>                | 5.32%                   | 3.61%                     |

- 14.4 Merthyr Tydfil Council is committed to fairness and equality in relation to its pay policies. Our approach to Job Evaluation is based on the post rather than the person. The council is committed to the Ethical Employment Code of Practice led by Welsh Government, and is fully participating in the Rapid Review of Gender Equality following a request from Welsh Government.

- 14.5 Pay Gap reporting will increase beyond Gender to include Equality and other protected characteristics as per the Equality Pay Act 2010. Further statistical information on our performance in relation to Equality is contained within the Council's Annual Equality Report.

## **15. CHIEF OFFICER REMUNERATION**

- 15.1 For the purpose of this Pay Policy Statement, 'Chief Officers' are as defined within Section 43 of the Localism Act 2011. Within Merthyr Tydfil County Borough Council, this includes the following:
- Head of Paid Services (which is also the Chief Executive);
  - Corporate Directors
  - Heads of Service and Senior Managers who are in receipt of remuneration levels as Stated in the Accounts and Audit (Wales) (Amendment) Regulations 2010
- 15.2 The Council employs Chief Officers under JNC terms and conditions which are incorporated into their contracts. The JNC for Chief Officers negotiates on National (UK) annual costs of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and condition are contractually entitled to any National JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual requirements.
- 15.3 The remuneration of the Director and Chief Executive (Head of Paid Services) is subject to Hay evaluations. Any changes to these jobs will require the application of the Hay scheme to realign the salary band.
- 15.4 Section 63 of the Local Government (Democracy) (Wales) Act 2013 amended the Local Government (Wales) Measure 2011 by inserting Section 143A. This requires the Council, if it intends to change the salary of the Head of Paid Services, to consult with the Independent Remuneration Panel (IRP) unless the change is in keeping with the changes applied to other officers. The IRP must be notified so that they can consider the pay recommended, whether it is being proposed to increase or decrease. The Council will have regard to the IRP when deciding on the appropriate level of remuneration for the Head of Paid Services.
- 15.5 Chief Officers on JNC terms and conditions are entitled to travel and subsistence expenses as set out by the JNC Chief Officer conditions of service.
- 15.6 The Head of Paid services is also the Returning Officer and fees for this role are paid separately and not included in the remuneration details within this Statement. Fees are set locally and are in line with election remuneration values of Welsh Government elections.
- 15.7 A stipend is payable to those Senior Officers who have additional statutory duties (e.g. Monitoring Officer, Section 151 Officer, and Chief Education Officer). This is currently set at £3,030 per annum.

## **16. RECRUITMENT OF CHIEF OFFICERS**

- 16.1 Where a Chief Officer post on JNC terms and conditions valued at £100,000 or more requires to be appointed to, it will be advertised externally as well as internally, as set out in the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014.
- 16.2 This includes when the Council undertakes a Corporate Restructure and posts are reduced or remodelled. The usual practice of 'ring fencing' these 'new' posts to the existing internal incumbents will not be possible when the job has a salary of £100,000 or more.

- 16.3 Where the appointment is for 12 months or less, external advertising is not required and can be 'ring fenced' internally. However, once the 12 months has expired, it will require external advertising.
- 16.4 The appointment of the Chief Executive (Head of Paid Service) and the rates of pay are approved by full Council and are a matter of public record. The remuneration offered will fall in line with the Hay evaluation scheme and any other local policy that is in place at the time of recruitment.

## **17. SEVERANCE ENTITLEMENTS AND REDUNDANCY**

- 17.1 Full Council is required to approve any severance package offered to employees leaving the organisation that is valued over £100,000 that will be borne by the Council directly. This includes the total of the severance, taking into consideration the salary paid in lieu, lump sum redundancy/severance payment, and any costs to the Council for pension enhancement and strain/buy out actuarial reductions.
- 17.2 Any other payments falling outside the scope of the local Policies or contractual terms shall be subject to approval by Cabinet and Council. Delegated authority to the Chief Executive, Section 151 Officer, Leader and Corporate Director to approve these may also be used.
- 17.3 There may be some exclusions, such as when negotiating settlement agreements.
- 17.4 The Council operates a discretionary Early Retirement and Redundancy Policy in accordance with Regulations 5 and 6 of the Local Government (early termination of employment) Regulations 2006.
- 17.5 All employees are entitled to apply for the Council's current redundancy scheme. Voluntary redundancy is set at statutory payment plus 20%. Compulsory redundancy is set at statutory values only.
- 17.6 Voluntary Early Retirement (VER) will also be paid when an employee (who is eligible) takes Voluntary redundancy.
- 17.7 The Council will pay the actuarial reduction of the pension strain (additional costs) to employees leaving under compulsory redundancy (if eligible).
- 17.8 A business case is required prior to progressing the application for VER by the manager.
- 17.9 Cabinet will be required to approve applications for all VER. Delegated authority as denoted in 16.2 can be used.
- 17.10 The UK Government has signalled its intention to impose a statutory cap on exit payments in the public sector. The Authority will review its policy on payments made on termination of employment to ensure compliance with any regulations that may be introduced in Wales from 2017-2018 to implement the cap on exit payments.

## **18. RE-EMPLOYMENT OF CHIEF OFFICERS**

- 18.1 No Chief Officer/Head of Service (anyone paid at the Leadership Bands) previously made redundant or granted early retirement (and leaves the employ of the Council) will be later re-employed or re-engaged either as an employee, commissioned employee, self-employed, as an agency worker, or via a third party contractor.

- 18.2 Any Chief Officer/Head of Service who takes Flexible retirement is entitled to continue to work for the Council under the rules as set out in the Flexible Retirement Policy. Applications for flexible retirement must be approved by Council (delegated powers can also be used).

## **19. LOCAL GOVERNMENT PENSION SCHEME**

- 19.1 Subject to certain eligibility rules, employees are automatically enrolled into the Local Government Pension Scheme (LGPS) or Teachers' Pensions (TP) on commencement (according to their occupation). Employees not eligible for automatic enrolment have the right to opt in to scheme membership. Employees' contribution rates are set by the LGPS regulations and range from 5.5% to 12.5% of pensionable pay depending on actual salary level. The Council's employer contribution rate is set following each triennial fund valuation by the actuaries appointed by the Rhondda Cynon Taf Pension Fund.

## **20. PAY RELATIVITIES, INCLUDING THOSE LOWEST PAID**

- 20.1 The definition adopted by Merthyr Tydfil County Borough Council of the 'lowest paid' is an employee who is paid at SCP 13. Employees on this SCP earn £16,191 (FTE) as of April 2016.
- 20.2 The Council may employ apprentices and trainees who are not included in the definition of 'lowest paid employees'. These employees are paid the National Minimum Wage.
- 20.3 All jobs within Merthyr Tydfil County Borough Council are subject to either the GLPC scheme or the Hay scheme of grading.
- 20.4 The Localism Act 2011 statutory guidance recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce. The Hutton Report 'Review of Fair Pay in the Public Sector' (2010) explored the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid persons in the organisation.
- 20.5 The Report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid and median average salary of the whole authority's workforce.
- 20.6 The table below denotes the median and averages for the salaries within Merthyr Tydfil County Borough Council as at the 12<sup>th</sup> April 2018.

| Ratios calculated as at:                    | March 2017 |
|---|------------|
| Minimum spinal column point (FTE)           | £16,491    |
| Median FTE Salary                           | £22,823    |
| Mean Average FTE Salary                     | £27,018    |
| Chief Executive Salary                      | £113,333   |
| Mean Average Chief Officer Salary           | £70,429    |
| Median FTE: Chief Executive Findings        | 1 : 5.0    |
| Median FTE: Average Chief Officer Earnings  | 1 : 3.1    |
| Minimum SCP: Chief Executive Earnings       | 1 : 6.9    |
| Minimum SCP: Average Chief Officer Earnings | 1 : 4.3    |



## APPENDIX A – NJC GREEN BOOK PAY AND GRADING

Effective from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019

| Grade | SCP | Salary<br>£ | Per Hour |
|-------|-----|-------------|----------|
| 1     | 13  | £17,391     | £9.01    |
| 1     | 14  | £17,681     | £9.16    |
| 2     | 15  | £17,972     | £9.32    |
| 2     | 16  | £18,319     | £9.50    |
| 2     | 17  | £18,672     | £9.68    |
| 3     | 18  | £18,870     | £9.78    |
| 3     | 19  | £19,446     | £10.08   |
| 3     | 20  | £19,819     | £10.27   |
| 3     | 21  | £20,541     | £10.68   |
| 3     | 22  | £21,074     | £10.92   |
| 4     | 23  | £21,693     | £11.24   |
| 4     | 24  | £22,401     | £11.61   |
| 4     | 25  | £23,111     | £11.98   |
| 5     | 26  | £23,866     | £12.37   |
| 5     | 27  | £24,657     | £12.78   |
| 5     | 28  | £25,463     | £13.20   |
| 6     | 29  | £26,470     | £13.72   |
| 6     | 30  | £27,358     | £14.18   |
| 6     | 31  | £28,221     | £14.63   |
| 7     | 32  | £29,055     | £15.06   |
| 7     | 33  | £29,909     | £15.50   |

| Grade | SCP | Salary £ | Per Hour |
|-------|-----|----------|----------|
| 7     | 34  | £30,756  | £15.94   |
| 7     | 35  | £31,401  | £16.28   |
| 7     | 36  | £32,233  | £16.71   |
| 8     | 37  | £33,136  | £17.18   |
| 8     | 38  | £34,106  | £17.68   |
| 8     | 39  | £35,229  | £18.26   |
| 8     | 40  | £36,153  | £18.74   |
| 8     | 41  | £37,107  | £19.24   |
| 8     | 42  | £38,052  | £19.72   |
| 9     | 43  | £39,002  | £20.22   |
| 9     | 44  | £39,961  | £20.71   |
| 9     | 45  | £40,858  | £21.18   |
| 9     | 46  | £41,846  | £21.69   |
| 10    | 47  | £42,806  | £22.19   |
| 10    | 48  | £43,727  | £22.68   |
| 10    | 49  | £44,697  | £23.17   |
| 11    | 50  |          |          |
| 11    | 51  |          |          |
| 11    | 52  |          |          |
| 12    | 53  |          |          |
|       |     |          |          |

\*hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week in the National Agreement 'Green Book')

Part 3 Paragraph 2.6(e) Sleeping-in Duty Payment:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £35.37              | £36.08              |

**RATES OF PROTECTED ALLOWANCES AT 1 APRIL 2018 and 1 APRIL 2019  
(FORMER APT&C AGREEMENT (PURPLE BOOK))**

**Paragraph 28(3) Nursery Staffs in Educational Establishments - Special Educational Needs Allowance**

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £1,264              | £1,289              |

**Paragraph 28(14) Laboratory / Workshop Technicians**

City and Guilds Science Laboratory Technician's Certificate Allowance:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £205                | £209                |

City and Guilds Laboratory Technician's Advanced Certificate Allowance:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £149                | £152                |

**Paragraph 32 London Weighting and Fringe Area Allowances £ Per Annum**

Inner Fringe Area:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £857                | £874                |

Outer Fringe Area:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £597                | £609                |

**Paragraph 35 Standby Duty Allowance - Social Workers (1)(a)(i) Allowance - Per Session**

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £28.46              | £29.03              |

**FORMER MANUAL WORKER AGREEMENT (WHITE BOOK)**

**Section 1 Paragraph 3 London and Fringe Area Allowances £ Per Annum**

Inner Fringe Area:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £857                | £874                |

Outer Fringe Area:

|                     |                     |
|---------------------|---------------------|
| <b>1 April 2018</b> | <b>1 April 2019</b> |
| £597                | £609                |

## **CRAFTWORKER PAY 2018-20**

For all Craft JNC employees (regardless of job title and designation) whose rate of pay differs from the salaries set out in the Craft JNC 2016-18 pay agreement circular (dated 17 May 2016), but is still contractually linked to the annual settlement reached by the Craft JNC

### **From 1 April 2018:**

- £1,380 (equivalent to 9.05%) on Building Labourer grade
- £1,250 (equivalent to 8.01%) on Heating & Ventilation Mate grade
- £1,200 (equivalent to 7.59%) on Building Operative grade
- £900 (equivalent to 5.46%) on Plumber grade
  
- £900 (equivalent to 5.27%) on Engineer & Electrician grade
- 2.0% on all allowances

### **From 1 April 2019:**

- £1,085 (equivalent to 6.53%) on Building Labourer grade (new SCP 2)
- £1,202 (equivalent to 7.13%) on Heating & Ventilation Mate grade (new SCP 3)
- £1,058 (equivalent to 6.22%) on Building Operative grade (new SCP 3)
- £1,035 (equivalent to 5.95%) on Plumber grade (new SCP 4)
- £823 (equivalent to 4.58%) on Engineer & Electrician grade (new SCP 5)
- 2.0% on all allowances

## **HEADS OF SERVICE / CHIEF OFFICER / CHIEF EXECUTIVE PAY 2018**

The National Employers has made an offer to Trade Unions as follows:

One per cent on basic salary<sup>1</sup> with effect from 1 April 2018