

## **Report to: Appointments and Conditions of Service Committee**

**Subject: Localism Act: Pay Policy Statement**

**Date: 19 December 2018**

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### **1. Purpose of the report**

The purpose of the report is to ask the Appointments and Conditions of Service Committee to approve the proposed Pay Policy Statement and method of implementation, and also to recommend its referral to, and adoption by Council for subsequent publication on the Council's website.

#### **Recommendations**

The Appointments and Conditions of Service Committee is recommended to:

- 1) Approve the proposed Pay Policy Statement and method of implementation and
- 2) Recommend the referral of the Pay Policy Statement to Council for adoption and for subsequent publication on the Council's website.

### **2. Background**

The purpose of the Statement is to increase accountability in relation to payments made to senior members of local authority staff by enabling public scrutiny.

Section 38 of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement by 31 March each year for the following financial year. Other regulations also require the Council to openly publish certain information and of particular relevance to the Pay Policy Statement is the statutory Local Government Transparency Code 2015. This report presents a proposal for the Gedling Borough Council Pay Policy Statement 2019-20.

A Pay Policy Statement must set out the authority's policies relating to the:

- remuneration of its Chief Officers
- remuneration of its lowest-paid employees
- relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

The Statement must include the definition of lowest-paid employees adopted by the authority and the reasons for adopting that definition.

The Statement must include the authority's policies relating to the:

- level and elements of remuneration for each Chief Officer
- remuneration of Chief Officers on recruitment
- increases and additions to remuneration for each Chief Officer
- use of performance-related pay for Chief Officers
- use of bonuses for Chief Officers
- approach to the payment of Chief Officers on 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.

Locally the Statement is also used to publish Gender Pay Gap information required under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and information relating to time spent on support of recognised trade unions as required by the Trade Union (Facility Time Publication Requirements) Regulations 2017.

The Pay Policy Statement may include information relating to the policy on employment terms and conditions for all Chief Officers.

The Statement must be approved by a resolution of the authority before the 31 March immediately before the financial year to which it relates but may also be amended by resolution during the year; it must be published on the authority's website as soon as possible after approval. Publishing the Pay Policy Statement in the format recommended in Appendix 2 also meets the additional requirements under the statutory elements of the Local Government Transparency Code 2015 in particular relating to information about trade union facilities (time allowed for union duties), senior salaries and the pay multiple. The earlier 2014 Regulations also require that data under the Code is published on the first occasion before 3 February 2015 and annually thereafter. In order to comply with the publication requirement, it is intended that the Pay Policy Statement will be published on the Council's website straight after the Council resolution.

The term 'Chief Officer' referred to above includes:

- The Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989 (the Chief Executive)
- The Monitoring Officer designated under section 5(1) of that Act (the Director of Organisational Development and Communications)
- A statutory Chief Officer mentioned in section 2(6) of that Act (the Deputy Chief Executive and Director of Finance (and the Council's Section 151 Officer))
- A non-statutory Chief Officer mentioned in section 2(7) of that Act (the Director of Health and Community Wellbeing by virtue of reporting directly to the Head of Paid Service);
- A deputy Chief Officer mentioned in section 2(8) of that Act (all Service Managers by virtue of reporting directly to statutory and non-statutory Chief Officers).

Of the above listed posts only the Chief Executive, Deputy Chief Executive, Directors and the Service Managers for Financial and Legal Services are paid a salary above £62,000 per annum which is the value of the Senior Civil Service minimum pay band recommended under the Code of Practice for Data Transparency at which information on roles and remuneration of senior officers is published.

The full statement shows that the Borough Council's local ratio of highest:lowest pay rates is 6.48:1 - this compares favourably with the ratio of 20:1 suggested as a reasonable maximum figure in the original Hutton review into fair pay, and the many examples found in the private sector where multiples way in excess of this are not uncommon.

Local authorities were already required to publish, under the Accounts and Audit (England) Regulations 2011 (Statutory Instrument 2011/817), both the number of employees whose remuneration in that year was at least £50,000 and details of remuneration and job title of certain senior employees whose salary is at least £50,000.

For each “Chief Officer” as defined above, the Pay Policy Statement must include the following information:

- the Chief Officer’s salary,
- any bonuses payable,
- any charges, fees or allowances payable,
- any benefits in kind to which the Chief Officer is entitled,
- any increase or enhancement to the Chief Officer’s pension entitlement, and
- any amounts payable to the Chief Officer on the Chief Officer ceasing to hold office under or be employed by the authority.

From 2017, any organisation that has 250 or more employees must publish and report specific figures about their gender pay gap.

The gender pay gap is the difference between the average earnings of men and women, expressed relative to men’s earnings.

The data to be collected, relevant at 31 March 2017 and each year thereafter is the:

- Mean gender pay gap
- Median gender pay gap
- Mean gender pay gap in bonus pay
- Median gender pay gap in bonus pay
- Percentage of males and females in each of the four pay quartiles.

Employers must both publish their gender pay gap data and a written statement on their public-facing website and report their data to government online using the gender pay gap reporting service.

Organisations must publish within a year of the snapshot date. This year’s data and the narrative endorsed by Senior Leadership Team as shown in the Pay Policy Statement will be published following adoption of the Statement by Council.

Appendix 1 shows the proposal for the full Pay Policy Statement for Gedling Borough Council for the year 2019-20.

### **3. Publication of the Pay Policy Statement**

The proposed Pay Policy Statement has been drafted to meet the requirements of the Localism Act 2011, the Local Government Transparency Code 2014, the requirements of the Accounts and Audit (England) Regulations 2011, the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Trade Union (Facility Time Publication Requirements) Regulations 2017 and other best practice guidance offered by the Local Government Association and the Association of Local Authority Chief Executives.

The Localism Act in itself does not necessarily require the Authority to publish actual salary band amounts, however, other regulations and best practice do lead us to this position, particularly for Chief Officers. In the spirit of openness and transparency the proposed Pay Policy Statement encapsulates the principles derived from these myriad sources.

In order to meet the deadlines required by the Localism Act and the Transparency Code, the data used in this annual statement is current at 30 November in each year.

Subject to the views of this committee and the adoption at Council, the Pay Policy Statement will be published on the Council's website immediately after resolution, and annually thereafter and included in the Council's Publications Scheme. It will be published as a Microsoft Word document which is a "machine-readable" format as required by the Local Government Transparency Code 2014.

During any year, changes to policy approved by Committee and minor amendments to levels of earnings resulting from annual nationally-determined pay awards may be made to the published policy during the year without further referral back to Council. Otherwise, each year a Pay Policy Statement will be brought back to Council for formal approval and adoption.

# Gedling Borough Council; Pay Policy Statement 2019-20

## 1. Introduction

Section 38 of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement by 31 March each year. The purpose of the Statement is to increase accountability in relation to payments made to senior members of local authority staff by enabling public scrutiny.

The Pay Policy Statement has been drafted not only to meet the requirements of the Localism Act, but also is designed to reflect the principles of the Code of Recommended Practice for Local Authorities on Data Transparency (updated in 2015), the Accounts and Audit (England) Regulations 2011 and aspects of good practice highlighted by the Local Government Association and the Association of Local Authority Chief Executives. Furthermore, the Statement also has regard to the guidance made available in February 2013 by the Department for Communities and Local Government in respect to “openness and accountability” as described in section 40 of the Localism Act.

The Statement is also used to publish Gender Pay Gap information required under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and information relating to time spent on support of recognised trade unions as required by the Trade Union (Facility Time Publication Requirements) Regulations 2017.

## 2. Pay Policy Statement; Executive Summary

Details necessary for publication are explored fully in this Pay Policy Statement in sections three and four. The Executive Summary does not reflect all information required or recommended in the legislation and guidance described in the introduction above; however, it is designed to show key information in a simple, digestible format. Unless otherwise stated, data in these tables is current at 30 November 2018.

### General Council pay data

Lowest rate of pay (Exc Training Grade)	£8.82 per hour (£17,007 p.a. full time)
Median rate of pay	£10.08 per hour (£19,446 p.a. full time)
Mean rate of pay	£12.40 per hour (£23,923 p.a. full time)
Highest rate of pay	£57.10 per hour (£110,160 p.a. full time)
Expression (as a multiple) of highest rate of pay against:	
Lowest pay:	6.47 times greater
Median pay:	5.66 times greater
Mean pay:	4.60 times greater

## Job-related information for Chief Officers

Job Title of Senior posts <sup>1</sup>	Substantive post-Salary Band p.a. (pay pts in scale)	Enhancement to basic pay or Addition to basic pay (not related to main job)	For Senior Posts : Number of staff reports & total budget <sup>2</sup> (Headcount @01/11/18)
<b>Chief Executive</b>	£110,160 – £112,200 £114,240 Progression is performance-related	Yes- Election fees	34 staff (477 total) £1,830,300
<b>Directors</b> i) Dep C.E.& Director of Finance  ii) Health & Community Wellbeing  iii) O.D. & Democratic Services	i) £81,720 - £84,057 – £87,558  ii) & iii) £74,292 – £76,413 – £79,599  Progression is performance-related for all posts	No	i) 208 staff £35,531,000  ii) 160 staff £6,436,100  iii) 75 staff £3,400,000
<b>Service Managers - Band 4;</b> • Financial Services • Legal Services	£63,678 - £65,667 - £67,659	No	
<b>Service Managers – Band 3;</b> • Public Protection • Leisure & Culture • Organisational Development • Economic Growth & Regen • Revenues & Welfare Support	£55,719 - £57,711 - £59,697	No	
<b>Service Managers – Band 2;</b> • Parks & Street Cleansing • Customer Services & Comms • Planning Policy • Development Services • Community Relations • Transport & Waste	£47,760 - £49,749 - £51,738	No	
<b>Service Managers – Band 1;</b> • Democratic Services • Property	£43,779 - £45,771 - £47,760	No	

<sup>1</sup> As defined in Recommended Code of Practice for Data Transparency

<sup>2</sup> Total current gross expenditure budget (2018/19); includes employee costs.

### **3. Setting the scene**

#### **3.1 Pay Strategy**

The Council's Pay Strategy is shown at Appendix iA. This document encapsulates both strategic principles and operational practices; it gives direction and intent and guidance for the practical application of these principles.

#### **3.2 Gender Pay Gap**

From 2017, any organisation that has 250 or more employees must publish and report specific figures about their gender pay gap.

The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

The data to be collected, relevant at 31 March 2017 and at that "snapshot date" each year thereafter is the:

- Mean gender pay gap
- Median gender pay gap
- Mean gender pay gap in bonus pay
- Median gender pay gap in bonus pay
- Percentage of males and females in each of the four pay quartiles.

As required in law, both our gender pay gap data and a written statement to add context to the data are available on our public-facing website

<http://www.gedling.gov.uk/council/aboutus/financeandaccounts/opendata/genderpaygapdata/> and on the government website <https://gender-pay-gap.service.gov.uk/>

This year's data and the narrative endorsed by Senior Leadership Team for Gedling Borough Council are shown at Appendix iB.

#### **3.2 Other relevant information**

The following additional paragraphs and statements outline the Council's general position in respect to employment, pay and conditions of service and are pertinent to the requirements of the Localism Act:

- 1.1.1. As at November 2018, Gedling Borough Council employed 477 people (373.7 full time equivalents).
- 1.1.2. Of our posts, 19 are governed by the national conditions of service relating to the Joint Negotiating Committees (JNC) for Chief Executives and Chief Officers, these being the Chief Executive, one post of Deputy Chief Executive and Director of Finance, two Directors and 15 Service Managers. All other employees work within the national conditions of service covered by the National Joint Council (NJC) for Local Government Employees.
- 1.1.3. These national conditions of service are added to, and amended by, local terms and conditions detailed in the Employee Handbook and further modified at an individual level by Statements of Employment (contracts) applying to particular employees or posts.

- 1.1.4. For the purposes of the Localism Act, report must be made on the pay policies relating specifically to “Chief Officers”. In the Act, included in the definition of what is a “Chief Officer” are any posts, statutory or not statutory, that report direct to the Chief Executive, or to a post that reports immediately to the Chief Officer. The purpose is to ensure that “Deputy Chief Officer” posts are included in the pay policy. Locally, for Gedling Borough Council this means that the Chief Executive, Deputy Chief Executive, Directors and Service Managers are covered in the Pay Policy Statement.
- 1.1.5. Policies relating to the setting of pay are determined by committee. Currently such decisions fall under the remit of the Appointments and Conditions of Service Committee (ACSC). Historically, all major decisions relating to pay policies have been the subject of consultation with the recognised unions representing employees of the Council, either direct with the unions, or more usually through discussion at the Joint Consultative and Safety Committee (JCSC) which is the recognised forum for formal consultation between employee representatives and the employer.
- 1.1.6. The Council has embraced the principles of Single Status (a term designed by national employers’ groups and trade unions to describe the equal treatment, in respect to terms and conditions, of all employees) since 2001. Gedling was one of the first local authorities in the region to formally implement the national NJC Job Evaluation Scheme. A pay policy was written at this time to reflect how NJC pay was to be applied within this scheme and this is shown at Appendix i. The NJC Job Evaluation Scheme continues to be used and pay grades are established using this tool for all NJC posts. Job assessment is carried out jointly by both management and union representatives.
- 1.1.7. The grading of JNC Service Manager posts is undertaken by Senior Leadership Team and is based on a locally-determined scoring matrix. This matrix and the scoring system used to determine grades are shown at Appendix ii. Pay grades for Directors and the Chief Executive are determined by Committee (ACSC).
- 1.1.8. The filling of, or promotion to all posts, be they governed by NJC or JNC conditions of service are dealt with under the same defined protocols. The general protocol for the filling of vacancies is shown at Appendix iii with a description of how this protocol is applied in a practical context shown at Appendix iv.
- 1.1.9. Other than in cases where there is a need to prevent redundancy through possible redeployment of existing employees, or where efficiencies or improved working can potentially be realised, all permanent vacancies are advertised externally and all appointments are made on merit as required by the Local Government and Housing Act 1989. There is an additional recognised protocol (appendix v) that allows temporary vacancies for periods of less than one year to be filled internally.
- 1.1.10. Appointments to the post of Chief Executive, Deputy Chief Executive or Director are made by the Appointments and Conditions of Service Committee, subject to no objections being raised by Cabinet. Appointment to all other posts including Chief Officers defined within the Localism Act is made by officers delegated to act on behalf of the Chief Executive. The Council’s constitution governs this process.



- 1.1.11. Dismissal of Statutory Officers (Head of Paid Service, Monitoring Officer and Chief Financial (Section 151) Officer) is made through the Appointments and Conditions of Service Committee which will first consider the case and make an initial determination that will be subsequently referred to an Independent Panel charged with making a recommendation to Council at which a decision will be taken to approve or reject the dismissal. Dismissal of Directors that are not Statutory Officers will not be referred to an Independent Panel. Dismissal from all other posts including Chief Officers defined within the Localism Act is made by the Chief Executive or to officers delegated to act on behalf of the Chief Executive. The Council's constitution sets out the process for dismissal of Statutory Officers and other Chief Officers. Where they exist, model procedures contained within national Chief Officers' terms and conditions will be used as guidance.
- 1.1.12. In respect to appointment to any post, where the grade of a post comprises a range of pay points, the general practice is that appointment is made to the bottom pay point other than in cases where the successful candidate can demonstrate that their experience or skill set is of relevant and exceptional nature. In such cases, for officers working under NJC conditions, a Service Manager may agree to commencement at a higher pay point. For a JNC post, the decision about pay on appointment will rest with the appointing officer or committee as appropriate.
- 1.1.13. For Directors governed by JNC conditions, pay at appointment and subsequent advancement through the pay grade is determined by the Chief Executive following consultation with the Appointments and Conditions of Service Committee as detailed in Appendix vi. The same general principles governing application of pay points apply both to external appointment and internal promotion.
- 1.1.14. The Council has an established training grade which mirrors the national pay rates for apprentices. The policy relating to the application of this arrangement was adopted in September 2016. Although potentially applicable to a training post of any type, the grade is designed to be applied specifically to apprentices employed directly by the Council.
- 1.1.15. As a general principle and where business need allows, the Council supports the sharing of posts (job share) between two or more people. Appointments will be made on merit. Appointment for any job share partner will be made within the confines of the pay grade, determined through job evaluation and within the principles as described above in relation to the determination of starting salary.
- 1.1.16. In 2013 supplementary guidance was offered by the Department for Communities and Local Government under section 40 of the Localism Act 2011 about decisions relating to appointments and dismissal from senior posts where the costs of such decisions are likely to be high. The Secretary of State considers that a salary of £100,000 is the right level for the threshold of such decisions.

In the year 2018/19 the only post at this pay level is that of Chief Executive. This post is defined as "senior" for the purpose of this guidance and consequently decisions relating to appointment and dismissal will be determined by full Council following recommendation made by the Appointments and Conditions of Service Committee. This arrangement is incorporated within the Council's constitution.

- 1.1.17. Currently and until March 2019, decisions relating to pension release and standard discretionary payments made at the maximum level under local Council policy will be taken by the Chief Executive under delegated powers. Any recommendation to not release pension or to apply discretionary payments below the maximum level permitted through Council policy would be referred to the Appeals and Retirements Committee, a committee delegated to act on behalf of Council.
- 1.1.18. Already published elsewhere in this Pay Policy Statement are the Council's key documents relating to severance policies and discretionary compensation for employees, including senior officers in the event of redundancy.
- 1.1.19. Access to the full set of local pension discretions required under Regulation 60(5) of the LGPS 2013 are shown on the Council's website under the "How we work" section at [http://www.gedling.gov.uk/media/gedlingboroughcouncil/documents/council/aboutus/policies/Pension%20Discretions%20Policy%20\(March%202015\).pdf](http://www.gedling.gov.uk/media/gedlingboroughcouncil/documents/council/aboutus/policies/Pension%20Discretions%20Policy%20(March%202015).pdf)

These discretions were approved as formal policy of the Council by the Appointments and Conditions of Service Committee in March 2015. In accordance with legal requirement the policy statements have been drafted to balance financial, business and employee needs and public interest as well as taking into account the general principle that no policy statement can unduly fetter the employer's ability to make decisions.

- 1.1.20. From 1 April 2017 all overtime (voluntary), stand-by and call out payments are enhanced by 7.69% to reflect the need to recognise an average of these payments for a four week holiday period each year (the period for which "normal pay" needs to be maintained). Any contractual overtime will be recognised as normal pay for the purpose of all holidays taken.
- 1.1.21. As required by the Transparency Code, structure diagrams of the Council showing all posts, including vacant posts, and pay bands are maintained on the Council's website together with contact details for Chief Officers.
- 1.1.22. The 2015 Transparency Code required information about trade union facility time to be published and this requirement has subsequently been extended by the Trade Union (Facility Time Publication Requirements) Regulations 2017. This is the amount of time that is allowed by the organisation for the representatives of the recognised trade unions to participate in approved union activities. For this Council the information is as follows:
- 1.1.22.1. There are nine staff that are recognised as representatives (the Executive). This equates to 8.49 full time equivalents (FTEs).
- 1.1.22.2. There are no union representatives who devote at least 50% of their time to union duties. The estimated proportion of time spent on trade union facility time is:

Proportion of time	Number of union Reps
0% (less than 1%)	0
1- 50%	9
51-99%	0
100%	0

1.1.22.3. It is estimated that the total salary cost of union representatives undertaking union duties and activities over a year is £8,839.50. Of this £8,768.11 was spent on trade union facility time (duties) and £569.83 on trade union activities. The proportion of the cost of trade union activities against facility time cost is 6.5%.

1.1.22.4. It is estimated that the spending on all union business by representatives, as a percentage of the total pay bill, is 0.086%. The percentage for union facility time is also 0.086%.

1.2. This Pay Policy Statement is published on the Council's website.

#### **4. Other specific reportable issues as defined in the Localism Act**

##### **4.1 Chief Officer pay**

###### **4.1.1 Basic pay**

Pay scales for Chief Officers are shown in the Executive Summary table. These are current up to 30 November 2018.

###### **4.1.2 The setting of basic pay grades and pay rates**

There are a number of existing decisions and policies that determine Chief Officers' overall pay policy.

The Chief Executive's pay scale, and the pay scales for Directors (including the Deputy Chief Executive) are determined locally by the Appointments and Conditions of Service Committee following formal consultation with recognised unions through the Joint Consultative and Safety Committee. The pay scale for the Chief Executive was last reviewed in early 2018 as part of the recruitment process for a new Chief Executive. In 2016, the pay rate for the new post of Deputy Chief Executive and Director of Finance was determined by the ACSC and implicitly the pay rate for Directors was also confirmed. When setting these pay scales the committee took into account the need to balance affordability with fair pay for the work whilst also recognising pay levels for similar posts within the local market and pay differentials within the organisation.

The ACSC approved a performance-related pay scheme that applies all Directors. This is shown at Appendix vi. This confirms that appointment is generally at the bottom point of the pay scale and that progression through the scale is through satisfactory performance only.

The pay principles applying to the Service Managers as JNC officers were determined by ACSC after consultation through the JCSC process. The basis of these grades, how they relate to the pay of Directors and the matrix used by SLT to place these jobs into the appropriate grade are shown at Appendix ii.

As part of the implementation of the NJC national Job Evaluation Scheme in 2001, a pay policy was adopted by committee in 2001 (Appendix i). Basic job grades are still determined using this scheme and the basic principles set out therein. With the implementation of the job evaluation scheme came the setting of a "pay line" that equates each job's evaluation points to a job grade. The pay policy for the Council's NJC staff defines how national spinal column points are associated to local job grades and is shown in Appendix i (and also as part of the Pay Strategy at Appendix iB).

The national pay awards for the period 2018/19 are reflected in the pay information for Gedling Borough Council shown in this Pay Policy Statement. Each year the 30 November is used as the reference period for pay information. For both JNC and NJC employees the national pay award applied from April 2017 equated to a headline figure of 2% for most employees although the lowest pay points in the pay spine achieved a higher percentage increase to reflect the government's ambition relating to the National Living Wage.

The national pay award for NJC staff for the year 2019/20 also includes the adoption of new spinal column pay points. The council currently bases its local pay grades on those national spinal column pay points. The council will consult on measures to transition its local pay scales to include new national spinal column pay points as appropriate. The target date for implementation of this change is April 2019.

#### **4.1.3 Enhancements to Chief Officers' basic pay**

Following the review of local pay in 2016 pay grades have largely been simplified and are now designed to reflect a fair market rate for the job. Consequently previous policies that allowed additional payments to be applied either to Chief Officer or other NJC employees have now been removed.

Honorarium payments are not made to Chief Officers on JNC conditions of service as salaries are deemed to be inclusive of all job requirements at the most senior level.

#### **4.1.4 Additional payments made to Chief Officers**

The only additional payment made to Chief Officers relates to election expenses. The only post formally designated within legislation and to which expenses are paid is that of Chief Executive which is nominated as the Returning Officer. The role of Deputy Returning Officer may be applied to any other post and payment may not be made simply because of this designation.

Payments to the Returning Officer are governed as follows:

For national and European elections, fees are prescribed by the Electoral Commission.

For local elections, fees are determined within a local framework used by other district councils within the County. This framework is applied consistently and is known as "The County Scale". This is reviewed periodically by lead electoral officers within the boroughs.

## **4.2 Salary protection**

The Council's Pay Protection Policy was reviewed as part of the 2011 reorganisation arrangements. A full description of the policy is shown at Appendix vii. This Pay Protection Policy applies to all employees of the Council, including Chief Officers as defined in the Localism Act. In essence, should a case of pay protection arise, for example due to redeployment or down-grading of a post, protection between an employee's salary at that time and the value of their new substantive post will apply in the following way:

- 100% for one year
- 75% for year two
- 50% for years three and four
- No protection thereafter.

Salary protection would not occur in cases where a post holder was down-graded to work of lower pay following disciplinary action.

## **2.3 Lowest-pay and the relationship with highest pay**

### **4.3.1. Definition; “lowest pay”**

The definition of “lowest pay” for the purpose of this Pay Policy Statement is, “The lowest spinal column point in the national pay spine that is used within the local pay and grading structure of the Council for non-training posts. As at November 2018 this is Spinal Column Point 11”.

The Council’s current Pay Strategy is shown at Appendix iA and the general Pay Policy is shown at Appendix i. This policy reflects the decision to adopt the national pay spine to form the basis of our grading structure. Although the national pay points within the national pay spine are still recognised, the decision was taken as part of the local pay review in 2016 to pay at SCP 11 as a minimum rate which is above the lowest rate for national pay points currently set at SCP 6.

The spinal column pay points in the Council’s local pay scales will be reviewed for implementation during 2019/20 in order to reflect the changes in NJC pay points agreed at national level.

### **4.3.2. Definition; “highest pay”**

The definition of “highest pay” for the purpose of this Pay Policy Statement is, “The highest local spinal column point that forms part of the Chief Executive’s pay band”.

### **4.3.3 Relationship between highest and lowest pay**

When expressed as a multiplier of pay, the Chief Executive’s salary is:

- 6.35 times greater than the lowest pay rate of the Council
- 4.51 times greater than the mean pay rate of the Council
- 5.55 times greater than the median pay rate of the Council

Although the Localism Act requires Authorities to publish the data, the original Hutton Review of fair pay in the public sector rejected calls for a fixed limit on pay multiples. However, to give guidance on what might be considered to be a reasonable pay multiple of highest pay against lowest pay, a ratio of 20:1 was suggested as part of the consultation during the review.

The pay ratio of highest to lowest pay in the private sector is variable depending on the size and nature of the business although in 2016 for the FTSE 350 companies, the average ratio between Chief Executives’ pay and the average employee was 57:1. In the voluntary and public sectors then high to low pay ratios are traditionally much lower.

The ratios within the Council’s pay structures are very much in line with other local councils of similar size and are certainly within the ranges outlined as being reasonable in the Hutton Review.

This relationship will be reported annually for comparison purposes.

The rates of for lowest, mean, median and highest pay are included in the Executive Summary table.

## **2.4 Payments made to Chief Officers on ceasing office**

### **2.4.1 Conduct and Capability Policies**

The Council's policies are stated in the employee handbook and where appropriate, also governed by the Council constitution.

Changes and variation to these policies are made following consultation with recognised unions and formal adoption by the Appointments and Conditions of Service Committee. For each of these policies, the scope of application is defined as follows, "The procedure applies in general terms to all employees of the Authority covered by the terms of the National Joint Council for Local Government Services. This includes full and part-time employees and temporary employees. Employees covered by the Joint Negotiating Committees for Chief Officers and Chief Executives and posts nominated as the Council's Monitoring and Section 151 Officers will have particular provisions applied to them under the Council's Standing Orders relating to staff [as detailed in the Council Constitution and available through the Gedling Borough Council web site]. In these cases, this Disciplinary and Capability Procedures will be applied as closely as possible subject to such modification as may be required pursuant to those Standing Orders."

Subject to the above definition of application, for conduct and capability dismissals all employees will receive only statutory payments due which may, depending on circumstance include notice pay (other than in cases of gross misconduct) and outstanding untaken leave entitlement.

### **2.4.2 Ill health retirement**

All employees who are members of the local government pension scheme (LGPS) shall have applied to them a pension defined within the LGPS Regulations. Obligations under law requiring the payment of an appropriate notice period or outstanding unpaid holidays are honoured. No additional discretionary payments will be made. Authority to dismiss on grounds of ill health and authority for release of pension as determined within statute is delegated to the Chief Executive.

### **2.4.3 Termination of employment; Redundancy, efficiency and general pension discretions**

The Council's Appeals and Retirements Committee has authority to make payment within the approved Early Retirement and Redundancy Policy (Appendix viii). The scheme of compensatory payment is clearly identified in this policy and is based on the table of compensation defined within the Employment Rights Act 1996. Under this local policy, for redundancy, payment including both statutory and discretionary payments is limited to a maximum of 60 weeks' pay and 30 weeks' pay for dismissal for reason of 'efficiency of service'.

The policies relating to redundancy and 'efficiency of service' are formally adopted by the Council and are drafted within the legislative framework of the Local Government (Early Termination of Employment)(Discretionary Payments) (England and Wales) Regulations 2006. Specifically, the policies reflect the need to define "a week's pay" and to detail the Council's severance payments. For removal of doubt, the Council currently defines "a week's pay" for the purpose of calculation of compensatory redundancy payments as "actual pay" rather than the statutory maximum figure.

Access to the full set of local pension discretions required under Regulation 60(5) of the LGPS 2013 are shown on the Council's website under the "How we work" section at [http://www.gedling.gov.uk/media/gedlingboroughcouncil/documents/council/aboutus/policies/Pension%20Discretions%20Policy%20\(March%202015\).pdf](http://www.gedling.gov.uk/media/gedlingboroughcouncil/documents/council/aboutus/policies/Pension%20Discretions%20Policy%20(March%202015).pdf)

These discretions were approved as formal policy of the Council by the Appointments and Conditions of Service Committee in March 2015 and detail the full range of policy decisions made that relate to payment of, or limitation to payment of pension benefits applicable to any employee.

The Council's Flexible Retirement Policy is shown at Appendix viii a.

All employees, including Chief Officers are covered by these general policy arrangements. Sections 3.2.10-11 above detail the special arrangements applying to "senior posts" both in respect to appointment and dismissal.

## **5. Review and publication**

This Pay Policy Statement will be reviewed annually and reported to Council for approval.

The Statement will be made available to the public on the Council's website and will be included in the Council's Publications' Scheme in a format that complies with regulations governing transparency.

# Appendices



# Pay Strategy

## Purpose

This strategy identifies the principles by which pay is governed in the organisation and specifies how these principles are embedded in practice.

## Pay

### Strategic Principles

- We will pay sufficiently well to attract and retain talent in line with our ambitions, priorities and workforce strategy.
- When setting pay we will be sensitive to, and respectful of the need to balance fair pay with public interest.
- We recognise our social responsibility to support in appropriate ways, a commitment to paying our lowest-paid employees fairly.
- We are committed to developing employment opportunities for local residents. Training posts with training pay grades will be supported by the Council.
- We will keep pay under regular review and take action to maintain the ambitions stated in our pay principles.

### Operational Practices

- Job grades for staff governed by conditions of the National Joint Council on Pay and Conditions of Service (NJC) are established locally but are based on national spinal column points.
- Job grades for the Chief Executive and Chief Officers are established locally using local pay points. General terms and conditions are governed by the appropriate national bodies, the Joint Negotiating Committees (JNC).
- Pay is linked to performance for NJC employees (Document 1), Senior Leadership Team (Document 2) and Service Managers (Document 3).
- Pay awards made under national pay bargaining are applied to all employees covered by the NJC and JNC conditions of service.
- Market supplements will be applied to basic pay in order to attract first class candidates into our workforce. Such supplements will be applied in the exceptional circumstances described in Document 4.
- Honoraria payments will be used for short periods of time, normally up to one year, to appropriately recognise and reward employees who are required by the Council to perform duties and responsibilities beyond those normally expected in their substantive post for a period exceeding four weeks. The level of payment will be determined by the relevant service manager and the service manager responsible for the human resources function.

## **Equality**

### **Strategic Principles**

- Pay equality within the workforce will be maintained by ensuring that jobs are objectively graded through a job evaluation mechanism appropriate to NJC employees and to Service Managers.
- Pay grades will be designed in line with best practice to ensure that pay is non-discriminatory particularly in respect to gender.
- The Equal Pay Policy Statement sets out the general principles of pay and equality

### **Operational Practices**

- A “Gender Pay Gap” review of pay will be undertaken annually within Government guidelines. Findings of this review, including any recommendations for action will be reported to Senior Leadership Team and to the Joint Consultative and Safety Committee.
- The NJC job evaluation scheme is used as a framework to determine job scores used as a basis for local pay.
- A locally-determined job evaluation scheme will be applied to service manager posts covered by JNC terms for Chief Offices.
- Job evaluation of new and changed NJC posts will be undertaken by management and union representatives.
- Job evaluation of new and changed JNC service manager posts will be undertaken by Senior Leadership Team.

## **Benefits and reward**

### **Strategic principles**

- We recognise that pay is only one element of reward. Recruitment, retention, engagement and happiness of employees are influenced by a wider package of measures. We will continually review terms, conditions, benefits and ways of working that will make Gedling Borough Council an employer of choice.
- We recognise that good physical and mental health of our employees is essential if employees are to attend work regularly and to give of their best.

### **Operational practices**

- We provide practical support to improve the wellbeing of employees. This is achieved through practical measures such as the “Employee Assistance Programme” available to all employees and designed to support employees through problems relating to mental health and financial and relationship difficulties.

- Adoption of flexible and agile working practices whenever practical to enable employees to deliver first rate service in ways that help them to balance personal and work commitments.
- Access to an employee benefits package, “Gedling Lifestyle” that helps to maximise employees’ earnings.
- Membership of “Our Gedling”, providing access for all employees to a range of events and activities designed to enhance personal wellbeing and health and to support a sense of community and engagement with work colleagues.
- Through active engagement with the workforce, employees’ perception of happiness in the workplace is measured and reported. Issues of common concern are identified and actions developed to improve both employee wellbeing and workplace efficiency.

## **Pay protection**

### **Strategic principles**

- When possible and appropriate, employees will be redeployed within the organisation if they cannot continue to work in their current job.

### **Operational practices**

- Employees redeployed to a lower paid job following service reorganisation will receive pay protection. The nature of this protection will be defined through local policy.

## **Redundancy**

### **Strategic principles**

- Where possible the Council aims to redeploy employees rather than to declare redundancy.
- When this is not possible the Council will apply redundancy payments that recognise the need to balance support for the employee against the need to exercise appropriate restraint in the use of public money.

### **Operational practices**

- The Early Retirement and Redundancy Policy, and the Protocol for Enabling Employee Security documents are used to assist the transition of employees between posts in appropriate circumstances.
- Employees returning to work with the Council following redundancy from either our own organisation or a similar public sector organisation will have applied to them any financial penalty required either by legislation or through national terms and conditions.

## **Pensions**

### **Strategic principles**

- Employees of the Council are eligible to participate in the local government pension scheme (LGPS).
- As required by LGPS Regulations, the Council will maintain a set of local policy decisions relating to discretions available to employers under the scheme.
- Discretions, formulated through appropriate committee of the Council, will recognise the need to balance support for the employee against the need to exercise appropriate restraint in the use of public money.

### **Operational practices**

- The Council will maintain and publish a set of local pension discretions required by LGPS Regulations.

## **Legislation**

### **Strategic principles**

- The Council will ensure that pay and remuneration is treated correctly within relevant legislation.

### **Operational practices**

- Tax and other statutory deductions including national insurance contributions will be made within legislation and under guidance of government agencies for employees, workers and contractors.

### **Policy statement to link pay to performance; NJC employees**

- Usually employees appointed to a new post will start at the bottom incremental point of the grade for the post. Where it can be demonstrated through the selection process that the appointee has relevant experience or qualifications, the Service Manager may elect to appoint at a higher incremental point.
- Employees will progress to the next incremental point on their grade on 1 April of each year except where the employee has been in post less than six months. When an employee has been in post for less than six months at 1 April, they will progress to the next incremental point six months after appointment and thereafter on 1 April each year. This reflects national NJC conditions of service.
- Employees will normally progress automatically through the incremental scale as described above. In the exceptional circumstances that an employee is not meeting standards of performance or behaviour required then the Service Manager, after consultation with a senior HR officer, may withhold an increment. Any such action will be supported by an adverse probation report, extension of probationary service or other formal performance review mechanism.
- The reasons for withholding an increment will be explained to the employee and guidance given about areas for improvement such that incremental progression can continue when standards are met.
- Where an employee is dissatisfied with the reasons for withholding an annual increment, they may appeal in writing to the Chief Executive or other nominated JNC senior officer who will review the decision of the Service Manager. This appeal is final.

## **Contractual terms to link pay to performance; Chief Executive and Directors**

### Chief Executive; Pay and Performance Policy

- The ACSC will determine to which point within the scale the appointment will be made taking into account appropriate experience and skill set.
- A formal performance and pay review will be conducted annually prior to the anniversary of appointment.
- The performance and pay review will be conducted by the ACSC.
- Should the ACSC determine that performance meets or exceeds the expected standards then annual progression of pay will be applied until the top pay point of the scale is reached. Once the top pay point is reached pay will remain at this level whilst performance continues to meet or exceed expected standards.
- Should the ACSC determine that performance is unsatisfactory then consideration will be given to applying the following process relating to pay:
  - if the post holder is at the bottom or middle point of the pay scale at the time of the review then there will be no progression to the next pay point until a future review by the ACSC confirms satisfactory performance. This review will normally take place a year later although the ACSC may choose to conduct an interim review at an earlier date if this is appropriate.
  - if the post holder is at the top point of the pay scale at the time of the review then from the anniversary of the appointment date pay will be reduced to the middle point of the pay scale and held at that point until satisfactory performance is confirmed through a future review which will be undertaken as described above.

### Director (including Deputy Chief Executive); Pay and Performance Policy

- Appointment to any Director posts will be made at the bottom scale point of a three-point pay scale.
- A formal performance review will be conducted by the Chief Executive to determine suitability to progress to the mid-point of the grade after one year's service in post and following consultation with the Appointments and Conditions of Service Committee.
- Should the Chief Executive determine that performance is unsatisfactory, pay will remain at the bottom point of the pay grade
- Payment of the top pay point of the grade to be determined annually by formal performance review conducted by the Chief Executive and following consultation with the Appointments and Conditions of Service Committee. Subject to satisfactory performance, payment of the top pay point will be made following two years' service in post and, again subject to satisfactory performance, annually thereafter. Should the Chief Executive determine that performance is unsatisfactory, pay will remain at, or be reduced to, the mid-point of the pay grade.
- The detail of the performance review scheme is determined by the Chief Executive.

## **Contractual terms to link pay to performance; Service Manager**

### Service Managers' Pay and Performance Policy

- Service manager posts are based on a three-point pay scale related to the maximum pay of directors.
- Under normal circumstances, at the start of employment as a service manager, pay will be based on the bottom pay point of the grade.
- Progression to the next pay point will follow the general rules applying to NJC officers in respect to timing of awards.
- Directors line-manage service managers and are responsible for setting clear standards of expectation relating to performance or behaviour. Any shortfall against these expectations will be identified to the service manager by a director, normally at the time that the director becomes aware of the issue. Often, improvement will be sought through the introduction of appropriate support or training without further measures being employed. If however the matter is sufficiently serious or an improvement identified as necessary is not initially forthcoming within a timescale required by the director then that director may choose to freeze the service manager on their current pay point (prevent progression to the next pay point when it would otherwise have been made) or to reduce their pay by one or more pay points.
- One month's notice will be given of the intention to reduce pay.
- Should pay be reduced, this change will be applied for a minimum of six months. The length of reduction will be determined by the director. At the end of the period defined by the director, during which time progress against an improvement plan will be monitored, should improvement be satisfactory then pay will be returned to the previous.
- If pay is frozen then progress against an improvement plan will be monitored. If performance or behaviour does improve sufficiently then from the point at which this determined by the director then progression will be made to the next pay point. If further progression within the grade is possible then the top pay point will be paid one year from the date that the pay had been "un-frozen".
- The above measures may be applied outside a formal capability procedure. If, however, the measures are applied to a service manager and the measures are applied for a year or more, it is likely that the matter will be dealt with under a formal capability procedure.
- The broad terms and process of the Capability Procedure defined in the Employee Handbook will be used to deal with any serious or persistent problems of capability and the use of this formal procedure may be applied either in conjunction with or separate to the measures relating to pay freezing or reduction.

- A final right of appeal exists to a director's decision to freeze or reduce pay, or to the length of time for which this pay detriment is applied. This appeal should be addressed to, and will be dealt with by the Chief Executive or an officer nominated by the Chief Executive.



## Market Supplements

- The pay and grading structure has been set to reflect the relative values of jobs within this organisation and at pay levels which reflect the general local employment pay levels. This has been achieved through the national job evaluation scheme for NJC officers and a local job evaluation scheme for service managers. However, there may be occasions where it is necessary to enhance the pay levels of specific groups of employees where it is proven that it is difficult to attract and retain employees because of external pay levels. Where such situations are identified, additional market factor supplements may be agreed.
- Payment of market factor supplements will be made taking into account the following factors:
  - Evidence of high levels of turnover in the particular staff group
  - Evidence of difficulties in recruiting to posts ie by low response rates to advertisements or inability to attract suitable candidates
  - Comparison with like jobs in other local authorities and more widely in the sector
- All current employees within the group affected will receive the payment.
- Clear criteria for receiving the payment will be determined such as the possession of specific qualifications and length of experience as examples.
- The supplement will be a number of increments applied to the normal spinal column points associated with the substantive grade. The number of increments awarded will be informed by the evidence supporting the payment of the market factor supplement.
- Payment will be made for a specific time period. The application of a supplement is not open-ended and the timing of a formal review will be identified when the arrangement is proposed.
- At the point of review, the supplement may be extended or removed. Where it is determined that a supplement is to be withdrawn, employees in receipt of these will be given 12 months' notice of withdrawal. At the end of that time they will revert to the substantive salary for their post.
- Senior Leadership Team will determine whether a supplement should be applied to specific posts, the number of additional pay points to be awarded and over what length of time, and will determine the action to be taken as the result of any review.

## Gender Pay Gap data as at 31 March 2018

- Mean gender pay gap; 5.13%
- Median gender pay gap; 0%
- Bonus\* payments:           Men 0%       Women 0.97%
- Mean gender pay gap in bonus\* pay; Not applicable- no men receive bonus payments
- Median gender pay gap in bonus\* pay; Not applicable- no men receive bonus payments
- Percentage of males and females in each of the four pay quartiles:

Upper quartile:	men	49.34%
	Women	50.66%
Upper middle quartile:	men	48.68%
	Women	51.32%
Lower middle quartile:	men	45.75%
	Women	54.25%
Lower quartile:	men	44.74%
	Women	55.26%

\* For the purpose of reporting, market supplement payments are included as “bonus payments”

In summary, the gender pay gap and quartile distribution is not outstanding in terms of comparison against other similar employers and although not a matter of concern, the organisation will continue to work towards a more gender-neutral state in terms of mean pay differential.

The mean gender pay gap is slightly greater this year than last although as the organisation is relatively small a change of only a small number of employees (including casuals) working at the “snapshot” date can have a material effect on the data shown as a percentage.

The outturn showing a mean gender pay gap of five percent and no median gap suggests that over the whole workforce, although the middle pay point in the spread of employee pay is the same between men and women, men do earn proportionately more than women. The quartile data shows that for all quartiles there are proportionately more women than men although the balance is much closer for the upper quartile. The inference drawn when considering the quartile data alongside the mean gender pay gap is that although there are more women in each of these divisions, within the quartiles men hold better-paid jobs than women.

Although the data shows a slightly different picture to last year, there is perhaps a similar message that can be drawn which is that, where possible, one way to reduce the mean pay gap would be to promote women within the organisation or appoint to more senior posts from external selection.

The organisation considers itself to be supportive of development opportunities for women and recognises the complex needs of its employees through the practical application of supportive working practices and policies. Practical measures to support such statements include the adoption of flexible working practices already implemented through change of policy (flexible and agile working) and the delivery of an active apprenticeship programme that already offers training to level three qualifications and linked to this, planned for early 2019, through delivery of a management programme that will have a particular focus on removing barriers to progression.

## **Pay Policy – Single Status Employees**

### **1. Purpose of Policy**

To establish the principles and arrangements for pay for all employees in the Authority linked to the job evaluation of all posts.

### **2. Objectives**

- To ensure all pay arrangements reflect equal pay for work of equal value.
- To establish clear and consistent approaches to pay.
- To reflect how employees develop in skills and knowledge within a job.
- To provide a basis for establishing the grading system in relation to job evaluation.

### **3. Pay Points**

The pay points for all employees covered by the single status agreement will be nationally agreed points 6 to 49. In the final grading structure it is possible that not all of the points will be utilised. If necessary local points will be developed within the single status pay and grading structure in order to meet organisational need.

### **4 Pay Award**

The nationally agreed pay award determined at 1 April each year will be applied to the spinal column points used in the grading structure, including any locally set points.

### **5 Incremental Progression**

- a. All jobs will be allocated to a scale consisting of a number of incremental points not exceeding 5. The scales will not overlap and depending on the final grading structure may not be continuous with the national spinal column points.
- b. In most cases employees appointed to a new post will start at the bottom incremental point of the grade for the post. Where it can be demonstrated through the selection process that an individual candidate has relevant experience or qualifications, appointment at a higher incremental point may be justified. This should be agreed by the Corporate Director following consultation with personnel to ensure consistency both within Departments and across the Authority.
- c. Employees will progress to the next incremental point on their grade on 1 April of each year except where the employee has been in post less than 6 months. Where an employee has been in post less than 6 months at 1 April, they will progress to the next incremental point 6 months after appointment and thereafter on 1 April each year.
- d. Employees will progress automatically through the incremental scale in accordance with paragraph c. In the exceptional circumstances that an employee is not meeting output and quality standards expected for a post the Corporate Director, after consultation with the Service Manager; Organisational Development, may withhold an increment. Any such action will be supported by an adverse probation report, extension of probationary service or other formal performance review mechanism.

- e. The reasons for withholding an increment will be explained to the employee and guidance given about areas for improvement such that incremental progression can continue when standards are met.
- f. Where an individual employee is dissatisfied with the reasons for withholding an annual increment, they may appeal in writing to the Head of Paid Service, who will review the decision of the Corporate Director.

## **6. Market Factor Supplements**

- a. The pay and grading structure has been set to reflect the relative values of jobs within this organisation and at pay levels which reflect the general local employment pay levels. However, there may be occasions where it is necessary to enhance the pay levels of specific groups of employees where it is proven that it is difficult to attract and retain employees because of external pay levels. Where such situations are identified, additional market factor supplements may be agreed.
- b. Payment of market factor supplements will be made taking into account the following factors:
  - Evidence of high levels of turnover in the particular staff group
  - Evidence of difficulties in recruiting to posts ie by low response rates to advertisements or inability to attract suitable candidates
  - Comparison with like jobs in other local authorities and more widely in the sector
  - All current employees within the group affected will receive the payment
  - Clear criteria for receiving the payment must be determined ie possession of specific qualifications and length of experience etc.
  - Payment will be made for a specific time period. Where it is determined that the supplements can no longer be justified, employees in receipt of these will be given 12 months' notice of withdrawal. At the end of that time they will revert to the substantive salary for their post.
- c. The amount to be awarded will be determined by the evidence gathered to support the need for a market factor supplement that would indicate the appropriate salary levels. The supplement will be a number of increments above the top of the grade, paid on a monthly basis.
- d. Senior Leadership Team will determine to which posts a market factor payment will be made and to the value of this payment.

## **7. Temporary Additional Responsibilities**

In some situations employees may carry out a different role from their substantive job. Where such situations occur, the employee will receive the appropriate rate for carrying out these duties for the period they do so. For all other occasions they will be remunerated at the rate for the job undertaken.

**8. Revised grading structure** (updated to April 2016 following implementation of local pay changes)

<b>Evaluated points for job</b>		<b>New grade</b>	<b>National Spinal Column Points in new grade</b>	
From	To		From	To
200	270	Band 1	6	8
271	310	Band 2	9	11
311	350	Band 3	13	15
351	395	Band 4	17	19
396	440	Band 5	21	23
441	475	Band 6	25	27
476	515	Band 7	28	30
516	540	Band 8	32	34
541	580	Band 9	35	37
581	620	Band 10	39	41
621	650	Band 11	42	44
651	695	Band 12	45	47
696	735	Band 13	48	50
736	800	Band 14	54	56

For posts other than training posts, scp 6-10 are not used following the local pay policy changes in 2014 and 2016 that related to minimum pay levels.

## Service Manager- assessment model

The assessment grid places each Service Manager post into one of three levels against five factors.

	High (level 1)	Higher (level 2)	Highest (level 3)
General impact	Decision-making is not often likely to be potentially contentious. Decisions made are important to the operational aspects of service delivery but are mainly likely to have short-term or limited internal or external impact. Limited or infrequent requirement to create or review substantial policies or processes.	There is a frequent need to take decisions that will potentially have substantial and long-term impact on the service area that have financial, operational or consequence.	There is a frequent need to take decisions that will potentially have substantial and long-term impact on the organisation (not just the service) that have financial, operational or I consequence.
Customer & organisational impact	There is a requirement to contribute to corporate policies or procedures in respect of the service area only.	There is some requirement to contribute to corporate policies or procedures. The job has significant political/reputational impact	There is a strong focus on the contribution to corporate policies or procedures. The job has major political/reputational impact
Complexity	The delivery of the service is largely operational and routine. There is a need to work with other services or agencies but the work is largely routine or transactional in nature. Policy/strategy work is generally for the service area only.	The delivery of the service is generally operational and routine although some aspects of the service need to frequently deliver solutions to problems or case management issues that are not straightforward and can have multiple outcomes.	The delivery of most aspects of the service is not easily determined by established guidance, procedures and process. The service is likely to have an emphasis on case management, problem solving, partnering (internal or external) or project working. Strategy work is complex and impacts on a substantial range of council services.
Market	Determined by market analytics (comparator jobs, Hay data etc.) as being a post that may be comparatively easy to fill. The service area may be limited in breadth. The local market would readily provide a number of good quality applicants for any vacancy advertised.	Reasonable prospect of some (perhaps few only) acceptable quality of applicants for any vacancy advertised.	A post that due to market conditions may be relatively difficult to recruit into. This may be due to the mix of skills required or the high value that the local market places on particular professional qualifications or experience.
Resources	There is scope for influence on the organisation's employees, finance, assets in respect of the service area only.	There is some scope for influence on the organisation's employees, finance, assets.	There is considerable scope for influence on the organisation's employees, finance, assets across the Council.

## General Principles

Service Manager posts have been placed into one of four pay bands based on the above conventions and the scoring model shown below. The following general guidelines are also proposed:

- Each factor is scored in accordance with the table below and total scores determine the pay band to be applied to each Service Manager post..
- The determination of placing will be undertaken by SLT.
- Appeal against placing will be to the Chief Executive in consultation with an HR officer and a union representative. The Chief Executive may agree that the banding of a post is reconsidered by SLT.
- An Equality Impact Assessment will be maintained to ensure that grading is not gender-biased. This will be reviewed periodically.
- The assessment of job scores may be reviewed periodically at the request of an employee or SLT particularly if a job changes or there is evidence that the market may treat the job differently to its initial assessment.
- Pay Bands are based on the following scoring matrix:

Pay Band	% of Directors maximum pay	Evaluated points total
Band 1	55-60%	5-7
Band 2	60-65%	8-10
Band 3	70-75%	11-13
Band 4	80-85%	14-15

## Service Managers; linkage of pay to performance

- Service manager posts are based on a three-point pay scale related to the maximum pay of directors.
- Under normal circumstances, at the start of employment as a service manager, pay will be based on the bottom pay point of the grade.
- Progression to the next pay point will follow the general rules applying to NJC officers in respect to timing of awards.
- Directors line-manage service managers and are responsible for setting clear standards of expectation relating to performance or behaviour. Any shortfall against these expectations will be identified to the service manager by a director, normally at the time that the director becomes aware of the issue. Often, improvement will be sought through the introduction of appropriate support or training without further measures being employed. If however the matter is sufficiently serious or an improvement identified as necessary is not initially forthcoming within a timescale required by the director then that director may choose to freeze the service manager on their current pay point (prevent progression to the next pay point when it would otherwise have been made) or to reduce their pay by one or more pay points.
- One month's notice will be given of the intention to reduce pay.

- Should pay be reduced, this change will be applied for a minimum of six months. The length of reduction will be determined by the director. At the end of the period defined by the director, during which time progress against an improvement plan will be monitored, should improvement be satisfactory then pay will be returned to the previous pay point.
- If pay is frozen then progress against an improvement plan will be monitored. If performance or behaviour does improve sufficiently then from the point at which this determined by the director then progression will be made to the next pay point. If further progression within the grade is possible then the top pay point will be paid one year from the date that the pay had been “un-frozen”.
- The above measures may be applied outside a formal capability procedure. If, however, the measures are applied to a service manager and the measures are applied for a year or more, it is likely that the matter will be dealt with under a formal capability procedure.
- The broad terms and process of the Capability Procedure defined in the Employee Handbook will be used to deal with any serious or persistent problems of capability and the use of this formal procedure may be applied either in conjunction with or separate to the measures relating to pay freezing or reduction.
- A final right of appeal exists to a director’s decision to freeze or reduce pay, or to the length of time for which this pay detriment is applied. This appeal should be addressed to, and will be dealt with by the Chief Executive or an officer nominated by the Chief Executive.



## **Enabling employment security - Protocol for managing changes in posts throughout the Council**

Updated December 2016

### **1. Background**

As with most public sector organisations, the Council will be required to make budgetary savings for the foreseeable future. It is expected that these savings will not be able to be met by efficiencies alone and that some services may have to be significantly reduced or to cease.

This has implications for our workforce and as a good employer with a track record of working to avoid compulsory redundancy this protocol is intended to provide a supportive mechanism for managing change.

### **2. Aim**

The aim of this protocol is to :

- give as much employment security as possible to existing employees
- utilise the existing skills and knowledge of employees for the overall benefit of the Council
- avoid redundancies as far as possible
- operate a fair process for retaining employees, where workload is changing
- offer personal development opportunities on a fair basis

### **3. Vacancy Management**

In cases when employees are at potential risk of redundancy, the following protocol is observed:

- Confirmation by Senior Leadership Team that a vacant post can be filled.
- Consider, in liaison with Personnel Services, whether there are redeployees/ secondees identified across the Council for whom this post is suitable, or with some adjustment to the requirements it would be suitable. If so then redeployees/ secondees will be placed in the post. (see section 4.1 below).
- If there are no suitable candidates from posts at risk, then the post will initially be advertised internally. Managers will take a flexible approach to the requirements in the person specification such that existing employees can more easily be considered for the post. This may mean that the grade is reduced and/or there is a training period required before the individual can be placed on the full grade.
- Internally advertised posts might be on a permanent or temporary basis (where for example it is dependent on funding). Existing employees who take a temporary post will not lose their employment rights and at the end of the temporary appointment the aim will be for them to revert to either their existing job or an equivalent.

- Posts that are not filled internally will be advertised externally; however they will be on a temporary (less than) 12 month basis unless the Chief Executive determines that there are exceptional circumstances that justify the offer of a permanent position.
- New employees will be employed for a temporary period of less than 12 months. At the end of the temporary contract the post should be filled with an existing permanent employee or frozen. Extensions of employment for a new employee in any job, beyond 12 months will not be permitted, without the approval of the Chief Executive.

#### **4. Identification of Posts ‘at risk’**

To facilitate the filling of vacancies by existing employees it is necessary to be clear where there are likely to be reduced services and/or efficiencies which ultimately will mean a reduced number of posts. This exercise was first carried out as part of the overall budget planning for 2011/12.

Where it has been identified that a reduction in posts is required, this should be detailed by Directors in terms of the numbers and types of posts. Essentially this is a potential redundancy situation. However, the aim of this protocol is to avoid redundancies. Such situations need to be managed with care and avoiding unnecessary concern.

Once identified, there will be consultation with the affected employees and Trade Unions on the proposed reductions, allowing the employees affected to propose alternatives, for example reduced hours working, career breaks etc. Since these proposals will be driven by financial constraints, it is unlikely that suggestions of additional work to be carried out, unless income generating will be suitable solutions.

At the conclusion of the consultation on the changes, the appropriate formal decisions will be made to put the changes into effect. The impact on the individual employee will be managed using the appropriate policies of the Council.

##### **4.1 Same or Lower Graded Redeployments**

The people occupying posts that have been identified as at risk will be placed into posts which might be suitable to their skills and knowledge. Where possible, alternative redeployments may be offered. These posts will not be advertised across the organisation. These posts may not be within the professional area of the affected post-holders, but it will be considered that their existing skills and knowledge can be applied to these posts. The posts offered may be on a lower grade than the post-holders currently occupy. The Council’s protection policy will apply.

Where there are a number of people identified in an at risk group, all will be expected to give serious consideration to undertaking the redeployment. If the available post cannot be filled through voluntary application, then an assessment process will be undertaken to identify the most suitable person. (This is likely to be similar to the approved protocol for selection into posts following structural review).

If for any reason it is not appropriate to assess employees ‘at risk’ for redeployment, then a selection for redundancy exercise will be undertaken using criteria determined in consultation with the Trade Unions, and the Council’s redundancy and redeployment policy will be followed. This will lead to identification of redeployment opportunities and

employees are required within the context of national employment law, to consider all reasonable offers of redeployment.

## **5. Secondments**

In some situations the full definition of a redundancy situation may not apply – as described above. An opportunity may present itself within a team for a short term reduction in staffing requirements and therefore a requirement to place employees into temporary arrangements. Equally there may be vacancies within the organisation that are critical to fill and it is desirable that this is done internally, but not necessarily on a permanent basis.

It is also possible that vacant posts could be filled internally on a temporary basis by employees moving from lower priority service areas giving rise to savings. Such situations will be dealt with by a secondment arrangement.

Secondments agreed in this way will only be temporary arrangements, the employee who undertakes the secondment post will be entitled to return to their substantive post either at the end of a fixed term arrangement or when the need for the post becomes sustainable again, or another post becomes vacant for which they wish to be considered for redeployment.

If during the period of secondment, the individual's substantive post is identified for deletion, the individual will be treated as a redeployee, and the protocol described in Section 4 above will apply.

Before a post is released for secondment/redeployment, there will be a review of the requirements of the post, to enable successful appointment from employees who might otherwise have not met the minimum criteria. This may lead to a review of the post grade to ensure that the substantive grade of the post fully reflects the duties being carried out. If this situation arises, the grading of the post will be reviewed through the job evaluation scheme in consultation with the Trade Unions.

The protocol in such situations is as follows:

### **5.1 Same or lower Grade Secondments Identified**

The protocol for placing people into same or lower graded secondments will be as above for posts at risk.

## **6. Higher Graded Secondment or Redeployment Identified**

Where a secondment or redeployment post is identified at a higher grade than people requiring redeployment then there will be an internal advertisement for the post. This will enable all employees to be considered for this post – and may result in the person(s) at risk not being successful. However it will release another post within the organisation that may then be available for the secondee/redeployee.

If the higher graded post is within the contained professional area where there is an identified reduction then the applicants can be restricted to the group of employees 'at risk'. Appointment to the post will be on merit.

Redeployment at a higher grade may be a temporary or permanent arrangement depending on the circumstances. If the arrangement is temporary, at the end the individual is placed back into being 'at risk' and this protocol will continue to apply.

If no suitable secondee/redeployee is identified, then the process for vacancy management Section 3 above will be followed.

## **7. Equality and Diversity Implications**

Using this protocol for dealing with the medium term difficulties can bring potential for conflict with the Council's commitment to equality and diversity. In terms of recruitment and employment, the Council has previously advertised all jobs either externally or internally for all employees. This protocol is a departure from this. In terms of the workforce profile, it will not help in ensuring that the employees of the Council are representative of the population. Currently our minority ethnic make-up is below that of the area, and by retaining recruitment internally, there are limited opportunities to address this.

However, for maintaining the morale and commitment of existing employees to achieve high performance in difficult times, it is necessary to balance these conflicting demands. Appointment to any vacancies, particularly where there is an increase in grade will be on merit, and if no internal candidates can meet the criteria, appointments will not be made. All employees within a group 'at risk' or faced with other change will be treated fairly and given equal chance for any secondments or redeployments.

## **8. Training and Development**

Using this protocol should offer protection to existing employees, and will retain within the organisation valuable skills and expertise. However it has to be recognised that whether there is a secondment or a redeployment arrangement it is possible that posts might be filled by employees without relevant training or knowledge.

In such situations there is a commitment to provide this training to enable the employee to deliver the requirements of the post within a relatively short time (12 - 18 months). The grade of the post might be adjusted during this training time to reflect this and to ensure equity with comparable post holders.

If an employee at risk expresses a desire to fully retrain to a different professional area, and this requires considerable investment in qualifications etc; this will be considered. However this can only be agreed to if there is an ongoing demand for that skill, and if there is significant cost to the training (eg a degree) this can be met from existing budgets. The usual requirements of the PETs scheme will apply.

## **Further guidance for managing changes in posts throughout the council**

Further to the general protocol adopted by the Council to support organisational change, for most structural change further guidance is offered that places the terms of the protocol into a practical context. The text below describes the normal process that will be adopted to bring about structural change.

When proposals might lead to potential redundancies, in order to mitigate against compulsory redundancy situations the Council will use its general protocol (Appendix iii) to help ensure that, where possible, current employees are not displaced. In particular, new posts created in the proposals will be ring-fenced for competition from potentially displaced employees in the first instance. Should there be any displaced employees remaining following such a redeployment exercise, any remaining vacancies will then be advertised on an open, internal-only basis in order to try to create other suitable vacancies that might be suitable for redeployment. Throughout these processes, however, there is no guarantee of appointment as applicants will need to demonstrate the necessary skills and competency through the application and selection process.

At the “internal-only” stage, should there be no other internal applicants other than the “at risk” candidates, then these employees would not be re-interviewed at this stage without competition and such vacancies would be put out for external advertisement. Internal candidates, including those potentially at risk would then again be eligible to apply for these vacancies.

If there are employees that remain unplaced at the conclusion of this exercise, or if there are no posts suitable for redeployment through the above process at the time when an occupied post is deleted from the establishment, then the issue of redundancy notices may be necessary at that point, or earlier in if the council deems it appropriate and necessary in order to achieve business objectives.

## Procedure for filling temporary vacancies

In order to recognise the current business climate as one of change and to help respond to the issues identified in the workforce development plan such as the need for succession planning, the Council will adopt the recruitment practice as follows:

### Temporary Recruitment

- For all temporary posts of up to one year, where there is a likely prospect (determined jointly by the operational service manager and Service Manager for Organisational Development) that the temporary vacancy could be filled with a suitably qualified and experienced, high-calibre internal candidate, then the post will be advertised openly but internally in the first instance.

Normally, a full recruitment process will apply. However, there may be occasions where “expressions of interest” are invited through advertisement; the purpose of this is to speed up the process where the vacancy is particularly specialist and only a small number of people may be suitably qualified. In effect, it is a quick method of testing the internal market. Where this method is used and there is only one interested person, it will be sufficient to assess their suitability through a “targeted- question” interview; an application form may be unnecessary. If more than one person expresses an interest, all people will be required to complete an application form and a full selection process will be followed.

- Traineeships of up to a year are excluded from this arrangement to only advertise internally; all such vacancies will be advertised externally.
- Where a post becomes permanent after being occupied for a temporary period of any length, the vacancy will be advertised externally.
- Normally, where a short-term vacancy is identified, it will be filled by the above methods. In certain circumstances, particularly those where a reduced (partial) set of tasks or responsibilities need to be picked up within a team, the vacancy is specific and technical in nature, or the need to fill is exceptionally urgent, then an honorarium arrangement may be appropriate.

### Honoraria

- A manager may seek, in conjunction with Service Manager for Organisational Development, to apply an honorarium in the following circumstances:
- A vacancy exists in the existing team and it is decided jointly by the service manager and Service Manager for Organisational Development that the vacancy should be filled on a short-term basis, but that there is not a need to fill the post at its full grade; the range of duties and level of responsibilities are reduced. OR
- In the short-term, additional duties and responsibilities are required of one or more post holders to recognise particular business needs even though there is no specific vacancy at a more senior level.
- “Principal Officers” (those posts graded at pay band 10 and above) have certain restrictions placed on them as to their inclusion in the honorarium scheme; although it will often be the case that simply working at a level beyond normal expectation for the grade will be covered by the Performance Incentive Scheme for Principal Officers, there may be occasions where a Principal Officer formally covers some or all of the duties of a more senior post for a period of more than four weeks. In such cases, it may be appropriate to apply an honorarium arrangement as for other posts.
- Honoraria payments will not normally go on beyond one year.

- The level of payment will normally be set at a fixed spinal column point or salary figure to represent the additional duties and responsibilities to be carried out by the employee.
- The level of payment will be agreed between the service manager and Service Manager for Organisational Development. This may be done by establishing a “felt-fair” spinal column point between the employee’s current pay point and the level of duties and responsibilities expected. Where it is difficult or contentious to identify a point in this way, job evaluation may be used to identify an appropriate pay band and then a point to be applied within this band will be agreed by the service manager and Service Manager for Organisational Development.
- Selection for honoraria may take place in a number of ways:
- Where particular, specific skills are required and it is reasonable to expect that only one post holder will meet the criteria at a particular work base (for example, Civic Centre, specified Leisure Centre), the service manager may, following consultation with, and agreement by, Service Manager for Organisational Development, identify a particular individual to whom they wish to offer an honorarium.
- Where a number of people within a team might be expected to be able to work up to a higher level, but people outside the team would not be expected to have the current skill-set required, the service manager would be expected, with appropriate assistance from Personnel Services to identify if there would be interest from a number of people to act up into a more senior role. If this were the case, the service manager would need either to offer the opportunity to all interested parties on some fair rota basis or decide on a single candidate following some formal assessment process similar to a recruitment exercise, such as a targeted interview (although this would not necessarily require application form). This exercise might be site-specific if there was a business or operational need to not alter or change staffing arrangements between work sites (for example; opportunity to act up to a duty manager role at a leisure centre may only be offered to employees currently working at that site).
- In cases where there is potential for a particular vacant role to be filled by employees from other teams, locations or services within the Council, unless there was a specific urgent need to find someone to carry out a particular role for a short length of time in which case either of the two above scenarios might apply, then the process to identify suitable candidates would mirror the steps for temporary employment above, including appropriate advertisement (in effect, it would be a recruitment exercise rather than an honorarium arrangement).
- Where a decision is taken to fill a post on a permanent basis that has been occupied at part or full duties by someone on an honorarium basis, the vacancy will be advertised externally.

## **Pay policy governing Directors' pay (including Deputy Chief Executive);**

Appointment to any Director posts will be made at the bottom scale point of a three-point pay scale.

A formal performance review will be conducted by the Chief Executive to determine suitability to progress to the mid-point of the grade after one year's service in post and following consultation with the Appointments and Conditions of Service Committee.

Should the Chief Executive determine that performance is unsatisfactory, pay will remain at the bottom point of the pay grade

Payment of the top pay point of the grade to be determined annually by formal performance review conducted by the Chief Executive and following consultation with the Appointments and Conditions of Service Committee. Subject to satisfactory performance, payment of the top pay point will be made following two years' service in post and, again subject to satisfactory performance, annually thereafter. Should the Chief Executive determine that performance is unsatisfactory, pay will remain at, or be reduced to, the mid-point of the pay grade.

The detail of the performance review scheme is determined by the Chief Executive.



## **Pay Protection Policy**

The general policy of the Council is that pay protection is applied over a four year period at a protected rate of 100% in the first 12 months, 75% in the second 12 months and 50% for a further 24 months from the date of commencing a post at a lower grade.

## **Early Retirement and Redundancy Policy**

### **Aim**

To establish fair and consistent criteria for the application of terms for early retirement and redundancy for all employees.

### **Objectives**

To determine a policy for the management of early retirement, flexible retirement and redundancy.

To establish the various steps which would be taken to avoid early retirement and redundancy situations.

To determine a policy for enhancement of pension benefits where there are early retirement and redundancy situations.

To protect the ongoing viability of the pension fund through monitoring of pension enhancements and early release of pension benefits.

## **1. General Background**

1.1 The Audit Commission's report 'Retiring Nature' published in 1997 on the planning and control of early retirement, recommended that Authorities establish greater controls on the enhancements and early release of pension benefits particularly to tackle the 'culture of expectation' that had built up around early retirement. They expressed concern that Authorities were not stating clearly the costs of individual decisions in terms of the actuarial strain arising from the early release of pension benefits. As a consequence Authorities were recommended to identify these costs to Members to inform the decisions being made.

1.2 In a report to Policy and Resources Committee on 20<sup>th</sup> July 1998 it was agreed that the actuarial strain for all early retirements would be calculated and would be paid into the pension fund over a three-year period to protect Gedling's part of the fund. It was also agreed that a sub-committee be established to consider all early retirement, ill health and redundancy situations, along with the relevant costs and savings in order to make a decision to release the employee. Following constitutional change the appropriate committee is now the Appeals and Retirements Committee.

1.3 As part of their Value for Money reviews, District Audit has also carried out a review of recent early retirement, ill health and redundancy decisions within Gedling. Generally, the pattern of early releases has been satisfactory meeting the requirements of good practice, however their recommendation, in line with those contained in 'Retiring Nature' is that a policy for determining the circumstances and enhancements given to employees should be agreed.

Managing early retirement and redundancy situations requires a proactive approach to minimise distress to individuals and ensure continuity of service provision. There can be no prescribed time limits to resolve any situations but there should be every effort made to avoid excessive waiting and uncertainty. Although there is a requirement for greater transparency about the costs of early retirement in terms of the strain on the superannuation fund, costs and affordability are not the only factors in resolving situations that arise. At all times the needs of the individual and the organisation must be carefully balanced.

New Discretionary Compensation Regulations arrangements were published on 6 November 2006 under which the Government withdrew the existing regulations which allowed the payment of additional discretionary compensation to employees whose employment was being terminated on grounds of redundancy or in the interests of the efficiency of the service and replaced them with a new set of regulations in response to the Age Discrimination legislation, effective from 1 October 2006.

## **2. Discretions**

2.1 In accordance with the requirements of Regulation 7(1) of the Local Government (Early Termination Of Employment) (Discretionary Compensation) (England And Wales) Regulations 2006, Gedling Borough Council has agreed the following policy statement in respect of the discretions available under Regulations 5 and 6 of the same Regulations. Regulation 8 removes a previous discretion available to the Council.

### **2.1.1 Regulation 5**

Redundancy payments will be calculated on the employee's actual week's pay.

### **2.1.2 Regulation 8**

The Council no longer has discretion to waive or reduce contributions of employees who have completed 40 years membership of the Scheme. No repayment of waived contribution will be required from current or ex-employees in cases where payment "holidays" were granted.

## **3. Redeployment**

3.1 When any potential early retirement situation arises consistent with ill-health, redundancy or efficiency of the service, every possible action will be taken to avoid termination of employment. Redeployment is an option that will always be considered.

3.2 In looking for possible redeployment opportunities, every effort will be made to match the employee's existing duties and terms and conditions. It will be necessary for both the individual employee and management to be as flexible as possible in making redeployments suitable.

### 3.3 Responsibilities of Management

- To make reasonable adjustments to duties and workplace to accommodate the employees needs
- To offer training and development where appropriate to enable the employee to undertake the duties of the redeployment
- To take steps to release vacancies for redeployment
- To offer career counselling to employees to enable them to take full advantage of opportunities offered: including trial interviews, training in completing application forms etc
- To offer trial periods of 4 weeks as required in the Employment Protection (Consolidation) Act and to extend this if it will assist in securing a redeployment
- To notify and consult with the Trade Unions as required by legislation.

### 3.4 Responsibilities of Employees

- To be flexible in their approach to considering redeployment opportunities
- To undertake training and development in order to undertake the duties of redeployments
- To make every effort to mitigate the requirement for redeployment by actively seeking alternative employment
- To undertake trial periods with a positive approach to ensuring the redeployment will be successful

### 3.5 Protection

In any redeployment situation, the provisions of the Authority's protection policy will apply. Consideration will be given to assistance with excess travelling expenses should there be a change of base. Reimbursement will be made on the basis of additional expenditure incurred by using public transport. An allowance may also be considered for excess travelling time incurred by a move of base. Both excess travelling expenses and additional travelling time will in any event only be awarded for a maximum period of three years.

### 3.6 Procedure

When a situation of potential redeployment arises, personnel should be advised immediately. The individual will be offered a personal counselling interview with a personnel officer to identify their own needs and interests.

It may be appropriate to freeze vacancies for redeployment and trial period options that will require the co-operation of management and other employees.

## **4. Policies and Procedures**

The approved policies and procedures of the council are as follows:

### 4.1. Ill-health Retirement

#### 4.1.1 Definition

This arises when an employee is no longer able to carry out the duties of their post, or comparable due to ill health. This will always be supported by advice from the Authority's recognised occupational health physician who will issue a certificate of permanent incapacity if in their opinion they meet this criterion. The LGPS 2008 Regulations amended the rules of how ill-health retirement is defined and treated.

#### 4.1.2 General issues

Currently, if a certificate of permanent incapacity is issued and the employee is a member of the (Local Government Pension Scheme) LGPS then there are regulations within the scheme that determine the levels of enhancement offered. The Authority cannot alter these and the costs of the enhancement and early release are borne by the pension fund.

Should a certificate of permanent incapacity be issued then a recommendation will be put to the Chief Executive that the employee is dismissed on the grounds of capability due to their ill-health and that if they are a member of the superannuation scheme the appropriate mandatory enhancements and early release are actioned.

#### 4.1.3 Procedure

When ill-health retirement situations arise, they will be identified by management in liaison with Personnel Services. Through counselling and welfare visits the individual's personal situation will be considered and a referral made to the Occupational Health Physician. The advice given will determine whether a recommendation is made for the individual to be given retirement on the grounds of ill health.

No recommendation will be made to the Chief Executive without the clear support of the Occupational Health Physician through the issuing of a certificate of permanent incapacity. In the absence of clear advice supporting ill health retirement and the employee continues to be absent through ill health, alternative courses of action may be considered including redeployment, flexible retirement, early retirement on the grounds of efficiency of the service and dismissal on the grounds of incapacity. The appropriate routes for any course of action will be followed in the interests of both the employee and the Authority.

#### 4.1.4 Release of Pension Benefits

The requirements for release and enhancement of pension benefits on ill health retirement are specified in the Local Government Pension Scheme Regulations.

### 4.2 Flexible Retirement

#### 4.2.1 Background

The Local Government Pension Scheme Regulations (LGPS) were amended so that from 1 April 2006, scheme members can, with their employer's consent, take a reduction in grade or hours and opt to receive the immediate payment of their pension benefits. In those cases where this is before the age of 60 the benefits are reduced to reflect the fact that payment is made earlier and for longer. The 2014 Regulations extend voluntary retirement age down to age 55. Potentially this means that flexible retirement is an option by request of the employee, however, there will be direct costs to the employer associated with this due to pension strain.

#### 4.2.2 The Local Policy

The local Flexible Retirement Policy is shown at Appendix viii) a).

Where an employee makes a request to retire flexibly, they must first gain support for the reduction in working hours or job duties (and grade) from their Service Manager and Corporate Director. Where the early release of pension would result in a pension strain cost to the authority, approval for the reduction and release of pension will be subject to permission from the Council through the Appeals and Retirements Committee. Permission will only be granted where a business case is produced showing how the cost of the flexible retirement can be recouped over a period of three years.

### 4.3 Redundancy

#### 4.3.1 Definition

This is defined within the Employment Rights Act as a dismissal which is attributable wholly or mainly to the fact that:

The employer has ceased or intends to cease:

a. to carry on the business for the purposes of which the employee was employed;

or

b. to carry on the business in the place where the employee was so employed;

or

ii. The requirements of the business for employees:

a. to carry out work of a particular kind;

or

b. to carry out work of a particular kind in the place where the employee was employed; have ceased or diminished, or are expected to cease or diminish

For the purposes of the interpretation of local policy, there is no differentiation between voluntary or compulsory redundancy except where relevant to the facts of the situation.

#### 4.3.2 General Procedure

Where a potential redundancy situation arises there will be consultation with the Trade Unions as

required by the Trade Union and Labour Relations (Consolidation) Act. A minimum of 90 days consultation will be given where the numbers of affected employees is greater than 100 otherwise consultation will begin at least 30 days before the first of the dismissals take effect.

In order for a redundancy to be justified it will be necessary for a post to be deleted from the establishment, which would demonstrate that there has been a cessation or diminution of the requirement for that type of work. This loss of a post should provide the financial saving necessary to offset the costs of the redundancy. Every effort will be taken to avoid redundancies, whether voluntary or compulsory through the following steps:

Release any temporary employees with less than one year's service to provide vacancies for employees at risk

Identify existing vacancies either for deletion to make the necessary saving or for redeployment for employees at risk

Search for volunteers for redundancy where their release would provide redeployment for an employee at risk

Freeze of relevant vacancies to ensure redeployment opportunities are maximised

Personal counselling and retraining offered to employees at risk to maximise opportunities for redeployment

If it is likely that a process of selection for redundancy is necessary then a fair and equitable set of criteria will be established. These will be different depending on the circumstances of the redundancy situation and will be subject to consultation with employees and trade Unions.

#### 4.3.3 Release of Pension Benefits

Such cases are covered by the Council's approved policy, required under Regulation 6 of the Local Government (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2006. This is detailed in Appendix viii) b).

For the purposes of this policy, and as required under Regulation 5 of the Discretionary Compensation Regulations 2006, the Council has determined that redundancy payments will be calculated on actual week's pay. This applies also to compensatory payments made under the Council's scheme of payments defined in Appendix vii) b).

## 4.4 Efficiency of the Service

### 4.4.1 General Principles

Early retirement and release of pension, together with compensatory lump sum payments may be granted in cases where there is demonstrable business benefit to the Council (this may be financial or related to improvement in performance or quality of service delivery) arising from the payment.

### 4.4.2 Release of Pension Benefits

Such cases are covered by the Council's approved policy, required under Regulation 6 of the Local Government (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2006. This is detailed in Appendix vii) b).

For the purposes of this policy, the Council has determined that compensatory payments made under the Council's scheme of payments defined in Appendix viii) b) will be calculated on actual week's pay.

## **5. Financial Implications**

5.1 Employing departments are required to identify how the costs of early retirement will be met prior to a recommendation to the Appeals and Retirements Committee. For ill health retirements, this will not be necessary as the individual's situation is such that it is not appropriate to only release employees where costs can be met. The regular actuarial revaluations, which take place for all pension scheme members, take into account the costs of ill health retirement up to an assumed level and consequently the costs are spread over time and across Departments.

5.2 For Early Retirement cases proposed on grounds of efficiency of the service, the Department will identify where savings can be made both by the release of the employee and from other areas of their budgets subject to the approval of the Appeals and Retirements Committee. It may not be necessary for savings to be fully identified in order for there to be agreement; an overall business case will be considered.

5.3 For Redundancy cases there will be an immediate saving from the disestablishment of a post, this will normally be sufficient to fund the redundancy payment and additional compensatory lump sum payment over a period of between one year and eighteen months. The reduction in the salary budget from the loss of the post should then be identified for meeting the costs of any actuarial. Normally these savings should be fully identified before a recommendation will be put to the committee.

5.4 In cases where early release of pension is requested through flexible retirement, a decision will be made taking into account both the financial business case and issues of service improvement, in a similar way to decision taken for cases of efficiency of the service.



## **6. Procedure**

6.1 Following a referral to Personnel Services, when a redeployment situation is identified, all options will be explored by the Service Manager in conjunction with the Service Manager-Organisational Development. It is important that managers take responsibility for managing situations as they arise and that they take early action to prevent individual distress and to avoid excessive costs arising. It is recognised that each situation relates to an individual and their own personal circumstances. People will be treated with respect and with compassion to achieve an outcome which is satisfactory to them and to the Authority.

6.2 Taking into account the individual's preferences and requirements of the Authority a report will be taken to the Appeals and Retirements Committee by the Service Manager- Organizational Development and the Head of Paid Service, including financial comments by the relevant Corporate Director. The Committee will also be advised of developing situations as they arise prior to final recommendations being made.

6.3 Reports to the Appeals and Retirements Committee will be in a standard format and an annual monitoring report will also be presented to the committee with information on all retirements over the previous twelve months.

6.4 For the period up to 2016-17 the Chief Executive has delegated powers to release pension in cases of redundancy and to authorise the payment of maximum discretionary payment under the local scheme. Where a recommendation is made that a compensatory payment is to be made below this maximum, the decision will be referred back to the Appeals and Retirements Committee.

## **7. Monitoring**

7.1 In accordance with Regulations 7 (2) and (3), any changes to the policy relating to retirement and its application, will not be made until one month after a statement setting out the intended changes has been published. There will be a review of this policy and associated procedures after twelve months of its approval.

## FLEXIBLE RETIREMENT POLICY

### 1. The Scheme

With effect from 1 April 2006, changes to the Inland Revenue tax rules made it possible for employees who are aged 50 or over to draw their pension benefits whilst continuing in employment on reduced hours (or on a reduced grade) with the consent of the Gedling Borough Council – a form of ‘flexible retirement’. (Subsequently this age restriction has been raised to age 55.) Employees who take up this option may continue to pay into the Local Government Pension Scheme to build up further benefits in the Scheme up to the age of 75.

There will be a pension strain (the cost to the employer as a result of the pension being drawn early) if the employee is under 60 without sufficient pensionable service and, in these cases, permission to take flexible retirement will depend on whether there is a business case showing how the costs of the pension strain can be recouped over a maximum period of three years.

Discretionary decisions will be taken by the Appeals and Retirements Committee in all appropriate cases. A report setting out the business case will be needed to obtain permission for the employee to take flexible retirement.

Where an employee is under 65 and does not meet the 85-year rule, the Council may choose to waive, in whole or in part, any actuarial reduction to benefits as a result of them being drawn early. Reductions will usually only be waived in exceptional circumstances where there is a strong business case.

Where a request to voluntarily reduce hours with pension is made, managers must consult with Personnel Services before any decision is communicated to the employee. Personnel Services will request the necessary information from the County Council Pensions Team to enable the manager to construct the business case.

Where an employee voluntarily reduces their hours with pension, a trial period is not possible and therefore the change will form a permanent variation to their contract of employment.

An alternative option to reduction in hours with pension is reduction in grade with pension. Where an employee wishes to draw their pension linked to a reduction in their grade this will be subject as before to a business case for the early release of pension. There is no automatic right to be transferred into a lower-graded post, or for the duties within an existing post to be reduced or diminished, and an employee wishing to take this option will normally be expected to apply for the post in the normal manner and demonstrate competency via an appropriate process. Paragraphs 2-7 of this Scheme apply to reductions in grade with pensions in the same way as reductions in hours with pension. Successfully securing a lower-graded post, or a post with fewer hours through voluntary competition will not mean that the Council will automatically agree to a pension release; a sound business case will need to be made by the employee and their manager prior to the employee taking up “reduced” duties.

## **2. Appeal**

2.1 A right of appeal exists against any recommendation made to the Appeals and Retirements Committee by the Head of Paid Service.

2.2 Prior to a report being made to the Appeals and Retirements Committee, the person who is the subject of the report will be notified of the recommendation to be made. If they do not agree with this recommendation, they will be allowed to submit a written appeal against this. The written appeal will be considered by the Appeals and Retirements Committee as part of its decision in regard to the report submitted. Where the committee may wish to ask the appellant for additional information, they may request that the appellant attends the meeting. Also, if the appellant wishes to make a personal statement of case, they may attend the committee meeting to do this. In either circumstance, the appellant will not be allowed to be present whilst the decision is discussed. If the appellant does attend the meeting, a union representative or work colleague may accompany them.

## **EARLY RETIREMENT POLICY**

### **1. Early Retirement on Grounds of Redundancy**

1.1 For all employees with two or more years' continuous local government service, including service covered by the Redundancy Payments Modification Order, (RPMO) who are dismissed by reason of redundancy, lump sum compensation will normally be payable (inclusive of any statutory redundancy payment) at a level of twice the statutory payment (as defined in compensation rules under the Employment Relations Act 1996) but based on an actual week's pay. This means that the maximum award normally made within the local scheme would be limited to 60 weeks' pay. Under exceptional circumstances, the Committee may agree variation to the normal payment scheme, but still within the 60 week maximum.

1.2 The service that will be taken into account when calculating entitlement to a redundancy payment under this policy will be continuous service with an organisation covered by the RPMO.

### **2. Early Retirement on Grounds of Efficiency of the Service**

2.1 For an employee with two or more years' continuous local government service, (including service covered by the Redundancy Payments Modification Order), who is dismissed in the interests of the efficient exercise of the Council's functions, the Council shall have discretion to make a payment to the employee up to a maximum of 30 weeks' pay in circumstances where there is a demonstrable business benefit to the Council (this may be financial or related to improvement in performance or quality of service delivery) arising from the payment. Payment normally will be based on an amount equivalent to the number of weeks' payable (with no multiplier rate applying) under the ERA 1996 used in redundancy compensation calculations. Under exceptional circumstances, the Committee may vary the payment made, but still within the 30 week maximum.

### **3. Discretions**

3.1 Discretions under this policy shall be applied by the Appeals and Retirements Committee.

3.2 In all cases, redundancy and compensatory lump sum payments covered within this policy will be based on actual week's pay.

#### **4. Additional Membership of the Local Government Pension Scheme**

4.1 Employees who are members of the LGPS and are either made redundant or dismissed in the efficient exercise of the Council's functions will have the option of being able to request that the Council converts their lump sum compensation (over and above the statutory minimum) into additional membership of the Local Government Pension Scheme (LGPS). The total amount of membership that can be purchased by the excess lump sum cannot exceed the shorter of:

- 6 2/3 years or;
- By the period by which the employee's total membership falls short of the total membership s/he would have had if s/he continued in the scheme until age 65.

4.2 The request by the employee to convert any of the lump sum into pension must be made at the time the case is brought to the Appeals and Retirements Committee, before the employee leaves the employment of the Council.

#### **5. Appeal**

5.1 A right of appeal exists against any recommendation made to the Appeals and Retirements Committee by the Head of Paid Service.

5.2 Prior to a report being made to Appeals and Retirements Committee, the person who is the subject of the report will be notified of the recommendation to be made. If they do not agree with this recommendation, they will be allowed to submit a written appeal against this. The written appeal will be considered by the Appeals and Retirements Committee as part of its decision in regard to the report submitted. Where the committee may wish to ask the appellant for additional information, they may request that the appellant attends the meeting. Also, if the appellant wishes to make a personal statement of case, they may attend the committee meeting to do this. In either circumstance, the appellant will not be allowed to be present whilst the decision is discussed. If the appellant does attend the meeting, a union representative or work colleague may accompany them.

#### **6. Changes to this policy**

In accordance with Regulations 7 (2) and (3), any changes to this policy and its application will not be made until one month after a statement setting out the intended changes has been published. The policy will be reviewed after one year to review its effectiveness.

#### **7. Potential employment related claims**

In those cases where there is a prospect of an employment related claim, a condition of the Council exercising its discretions under Regulations 5 and 6 may be that the employee agree to sign a compromise agreement under the Employment Rights Act 1996, by which the employee will agree not to pursue any legal claims, including unfair dismissal claims, against the Council. Where an employee unreasonably refuses to enter into such an agreement, the employee will be entitled only to the statutory minimum compensation (if any).