

Remuneration Policy

March 2018

Purpose

~~Auckland Council is committed to ensuring that it attracts, retains and motivates our people to support the achievement of the Council's strategic objectives, while providing development and career opportunities for employees. We want to make Auckland a world-class city and deliver value to all Aucklanders. We need to encourage a high-performance culture to achieve this vision and make council a great place for us all to work.~~

~~Ensuring our people feel valued and empowered is one of our key strategic goals because a great Auckland needs a great council. To achieve this, we will create and support a culture that identifies, encourages and rewards excellence, innovation and quality customer service. We will do this through a performance development and rewards framework that is directly related to role responsibilities, capability and performance, while providing internal equity and fairness, market relativity, manages total cost in a financially responsible way and considers social equity.~~

~~The Remuneration Policy sets the framework for making decisions that relate to employee remuneration.~~

Scope

This policy applies to all employees, at Auckland Council.

Principles

These remuneration principles for Auckland Council ensure that our approach to remuneration, reward and recognition initiatives reflect:

~~there are systems and processes in place that have:~~

1. ~~Internal equity and fairness, market relativity~~

- ~~• To ensure an equitable and fair approach to job sizing of roles within Auckland Council we use a proven job evaluation methodology.~~
- ~~• Independent advice is an integral part of our remuneration policy which informs decisions regarding our market position and our internal remuneration ranges.~~
- ~~• Careful consideration of our market positions is taken to ensure that we balance financial responsibility with the ability to attract and retain quality employees.~~
- ~~• Annual remuneration reviews are based on individual performance, assessment against the wider labour market, the state of the economy and the organisations ability to pay.~~

2. ~~Financially responsible~~

~~Our purpose is to make Auckland the world's most liveable city and deliver Aucklanders great value for money. Auckland Council will manage remuneration in a financially responsible and measured way that balances the needs of our ratepayers, customers, citizens and visitors to Auckland with our employees' aspirations for fair and competitive remuneration.~~

~~This policy must be externally defensible based on best practice approaches to remuneration using well proven systems and independent advice.~~

3. ~~Social equity~~

~~We acknowledge that the contribution of all our employees is valued and that how we apply remuneration policy outcomes will have an impact on their economic wellbeing and that fair and reasonable increases are considered a priority for our employees in roles at the lower end of the pay scale.~~

~~We acknowledge that remuneration is only one factor in rewarding and motivating employees. Therefore we offer support, training and career progression opportunities for our employees to take responsibility to gain skills that will lift employee engagement, provide job satisfaction and personal growth as well as increase opportunities for those employees who wish to apply for higher paid roles across the Auckland Council Group.~~

1. Fairness

We ensure the methodologies we use are fair, transparent and enable a diverse and inclusive workforce to deliver to the best of their capabilities. This policy must be externally defensible based on best practice approaches to remuneration, using well proven systems and independent advice.

2. Financial responsibility

We manage remuneration in a financially responsible and measured way that balances the needs of Auckland and Aucklanders with our need to develop and attract talented individuals who will help deliver our vision.

3. Social equity through a living wage

We acknowledge that how we remunerate our people has an impact on their economic well-being and that meaningful increases will be a priority for employees in roles at the lower end of the pay scale. We aim to ensure that our remuneration helps our employees meet the basic necessities of life and participate as active citizens in society. A living wage will be calculated and monitored by Auckland Council.

4. Contribution

We track and monitor the differences in employee remuneration and validate that they are commensurate with their contribution to the organisation, in line with the external market.

Valuing our people

We acknowledge that remuneration is only one factor in rewarding and motivating employees. Therefore we offer flexible working where appropriate, wellbeing initiatives, an inclusive and diverse workplace where every employee is encouraged to bring their whole self to work, training and development as well as opportunities to progress their career within the Auckland Council. Our recognition programmes aim to acknowledge employees exhibiting our core behaviours and their significant contributions to achieving our strategy

Job Evaluation and Salary Banding

~~Auckland Council uses~~ We use the Strategic Pay proprietary job evaluation system SP10 which provides a methodology for the alignment of roles across Auckland Council taking into account both internal and external relativities, know-how, problem solving and accountabilities. ~~Auckland Council~~ We maintains a statistically significant sample of benchmark roles which has been fully evaluated ~~using this system by a trained committee drawn from People & Capability, management and the PSA union.~~ These roles form the core benchmark group from which other roles across the organisation can be evaluated using the Job Wise "slotting approach" to decide on salary band outcomes.

When necessary, Strategic Pay fully evaluates a role to ensure that the band allocated is the correct one. Senior roles in the organisation are fully evaluated by Strategic Pay.

~~The benchmark group is periodically reviewed to ensure it is a valid and representative sample of the organisation. When necessary, Strategic Pay fully evaluates a role to ensure that the band allocated is the correct one.~~

Market Positioning and Remuneration Ranges

Auckland Council's remuneration market position is developed internally based on the independent market remuneration advice which is received (at least annually). This positioning takes into account the following:

1. The size of Auckland Council. Annual turnover of approximately \$~~4.133~~ billion, assets of \$~~43.434~~ billion and over 10,000 employees across the Auckland Council Group.
2. Auckland Council's diverse organisational operations encompassing multiple sectors and commercial operations. Our remuneration ranges need to recognise the complexity, diversity and in some cases commerciality of Auckland Council which is not typical of many public sector organisations.
3. Auckland Council needs to balance financial responsibility with the ability to attract and retain quality employees. Every position is mapped to a salary band and each salary band is assigned a remuneration range of plus or minus 20% around the mid-point to take into account varying skills, experience and contribution.
- ~~4. Each salary band is assigned a remuneration range of plus or minus 20% around the median to take into account varying skills, experience and performance.~~
- ~~5. Band medians and remuneration ranges are reviewed annually using independent market data.~~

Band medians and remuneration ranges are reviewed annually using independent market data. We benchmark against the Local Government at Total Remuneration and General Market median at Fixed Remuneration which excludes bonuses. Exceptions are only signed off where the market information provides enough evidence for using a premium.

Setting Remuneration on Appointment

The People and Performance division provides guidelines and market data for setting a salary at the time of appointment. Auckland Council through the People and Capability function, provides the following for managers: guidelines, approvals, and market data when setting a salary on appointment. Managers weigh up and balance the skills and experience of new employees to determine what point on the salary range continuum (minimum to maximum) the offer should be. Any offers above the maximum need special approval from the Executive Leadership Team and need to be evidenced with market data.

Out of Cycle Remuneration Changes

Auckland Council provides guidelines for managers for remuneration changes outside the annual review process. The People and Performance division also provides guidelines for managers on remuneration changes outside the annual review process and monitor any changes monthly. These out of cycle changes are initiated by employees' managers and reviewed by the one up (manager's manager) if they have the right delegations. The Principal Remuneration Advisor and Executive Leadership Team are involved in decisions that do not follow the guidelines. Out of cycle remuneration is only one part of the council's reward and recognition framework.

Roles and Responsibilities

Governing Body	<ul style="list-style-type: none"> ▪ <u>Approve the framework for remuneration, as set out in this policy</u> ▪ <u>Approve the Annual Plan which includes the annual salary inflator. Approve the salary inflator figure for the annual remuneration review as part of the Annual Plan process.</u>
Chief Executive & Executive Leadership Team	<ul style="list-style-type: none"> ▪ Authorisation of any increase or offer in remuneration over the range maximum ▪ Approval of policy, banding methodology and delegations ▪ <u>Approval of the "annual salary inflator" based on financial and economic advice following consultation with appropriate stakeholders. Authorise of any increase or offer in remuneration over the maximum for a range and outside the guidelines of a 10% increase</u> ▪ <u>Approve operational policies, banding methodology and delegated authorities for salary adjustments</u> ▪ <u>Negotiate the final annual salary increase (based on financial and economic advice following consultation with appropriate stakeholders)</u>
<u>People & Performance Director</u>	<ul style="list-style-type: none"> ▪ <u>Policy owner</u> ▪ <u>Develop, consult, and implement associated guidelines, operational policies, and processes (to be approved by the Chief Executive and Executive Leadership Team as appropriate)</u> ▪ <u>Guide/approve system development to support policy/process</u> ▪ <u>Administer any additional processes or policies required to support the implementation of this policy</u> ▪ <u>Monitor the application of this policy and the need for any updates</u>
<u>Department Managers & managers with delegated authority to approve salary increases</u>	<ul style="list-style-type: none"> ▪ Final approval of any out of cycle increase <u>Final approval of any out of cycle increases which are within the bands and are less than 10%</u> ▪ <u>Ensure increases to remuneration are within allocated budgets</u>
<u>Managers/People</u>	<ul style="list-style-type: none"> ▪ Recommending any offer or change in remuneration for

<u>managers</u>	<u>employees within their span of control—a one up principal will apply along with delegations to hire</u> <u>Recommend to their managers any offer or change in remuneration for employees within their span of control</u>
<u>People & Capability Team</u> <u>People & Performance Division - Employment Relations, Recruitment and Talent, People Operations, Business Partners, Organisational Development</u>	<ul style="list-style-type: none"> Provide support and guidance for the Manager <u>Provide support and guidance to people managers with relevant internal information where necessary</u>
<u>Manager Remuneration</u> <u>People & Performance Division - Principal Remuneration Advisor</u>	<ul style="list-style-type: none"> Provide support and guidance in relation to this policy and its application <u>the interpretation and application of the policy</u> Ensure remuneration systems are competitive, affordable and aligned with best market practice Research and determination of remuneration ranges and allocation to salary bands based on market remuneration information <u>Job evaluation of all roles and associated salary bands</u> <u>Approve increases above the maximum of the Band and greater than a 10% increase</u> <u>Obtain evaluations for all senior roles from Strategic Pay to ensure they are compared at the right market levels</u>
<u>Policy owner/s:</u> People and Capability Director	<ul style="list-style-type: none"> Develop, consult, seek approval of, and implement guidelines, policy and aligned processes for the remuneration policy Guide/approve system development to support policy/process Administer requirements of guidelines/policy/process relating to remuneration guidelines/policy Monitoring and updating of this policy.

Related Legislation

- Local Government Act 2002 with amendments
- Employment Relations Act 2000
- Equal Pay Act 1972
- Privacy Act 1993

Version Control

Owner	Remuneration Manager		
Authorised by:	People and Capability Director		
Version no:	1.0	Last review date:	July 2014

Author:	Principal Remuneration Advisor		
Authorised by:	People and Performance Director		
Version no:	1.0	Last review date:	February 2018