

Senior Pay Policy Statement

Policy Guiding Principles 2014/15

Prepared by: Human Resources
Date: March 2014
For Review: February 2015

This page is left intentionally blank

CONTENTS

	Page
1. Introduction	4
1.1 Legislation	4
1.2 Scope	4
1.3 Context	4
1.4 Definitions	5
2. Background to Pay and Grading	5
2.1 Whole Workforce	5
2.2 Corporate Management Team	6
3. Grading Structure	7
4. Terms and Conditions	7
5. Additional Payments	8
5.1 Election Duties	8
5.2 Acting up Payments	8
5.3 Honoraria	8
5.4 Telephone Rental	8
5.5 Car Mileage and Expenses	8
5.6 Other financial benefits	9
6. Incremental Progression	9
7. Lowest Paid Employees	9
8. Relationship between Salaries	9
9. Pensions	9
9.1 Pension Contributions	10
9.2 Discretions	10
9.3 Re-employment of Employees	11
10. Payments on Termination of Employment	12
11. Publication of Information	12

Senior Pay Policy Statement

1. Introduction

1.1 Legislation

Section 38 (1) of the Localism Act 2011, requires all local authorities in England and Wales to produce a Senior Pay Policy Statement which is updated on an annual basis.

The Act and supporting statutory guidance provide details of matters that should be included in this statutory pay policy, which must be complied with when setting the terms and conditions of Chief Officers. The policy must be formally approved by full Council each year and published on the Council's website.

1.2 Scope

This Senior Pay Policy Statement will cover the following areas:

- The principles underpinning the Council's pay policy for the whole of the workforce
- The Council's policy on the level and elements of remuneration for each Chief Officer
- The Council's policy on the remuneration of its lowest-paid employees, along with a definition of 'lowest-paid employees'
- The Council's policy on the relationship between the remuneration of its Chief Officers and other officers
- The Council's policy on other specific aspects of Chief Officers' remuneration
- Information about terms and conditions of service for Chief Officers, particularly those that represent a cost to the Council
- The Council's policy on making discretionary payments on early termination of employment
- The Council's approach to remuneration at all levels to balance the need to secure and retain high-quality employees and avoiding excessive cost to the taxpayer
- The factors that are taken into account in deciding on what point of a scale a recruit is appointed, and by whom any decision is made
- An indication of the percentage rate at which the employer's pension contributions is set
- Information about re-employment of employees in receipt of a local government pension

1.3 Context

Chesterfield Borough Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to

secure and retain high quality employees dedicated to delivering public services, whilst at the same time not being unnecessarily generous and excessive.

It is essential that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market. It is recognised that senior management roles in local government are complex and diverse with managers working in a highly politicised environment where often national and local pressures conflict.

If the Council is to maintain its high performance, then it must be able to retain and attract high calibre leaders to deliver the complex agenda.

1.4 Definitions

The term Chief Officer covers the following roles at Chesterfield Borough Council:

- **Chief Executive**
- **Deputy Chief Executive**
- **Heads of Service**

The statutory duties of Head of Paid Service, Monitoring Officer and S151 Officer are incorporated into the posts of Chief Executive, Head of Governance and Head of Finance respectively. The corporate management structure is attached at Appendix 1.

2. Background to Pay and Grading

2.1 Whole Workforce

In order to secure equal pay within the organisation, the NJC job evaluation scheme was applied to all posts covered by the NJC for Local Government Employees (excluding Chief Officers).

A new grading structure was implemented in 2003 for the whole workforce (excluding Chief Officers and Craft Workers) with negotiations then continuing with the relevant Trade Unions to complete the Single Status exercise.

An equal pay audit was undertaken on all evaluated posts to:

- Analyse the pay arrangements for all the Council employees
- Identify any differences in levels of pay between men and women
- Review the reasons for, and possible causes of, difference in pay, in particular whether these can be attributed to direct or indirect sex discrimination, and

- Identify how to close gaps in pay that cannot be attributed to reasons/causes other than sex discrimination.

The final Pay and Conditions were later agreed in the form of a Local Collective Agreement in November 2007. The local pay scales are attached at Appendix 2.

A Project Steering Group comprising Officers, Elected Members and Trade Union representatives, was established in January 2013 to review the Local Agreement. Any changes to terms and conditions will be reflected, as and when the review concludes, in an updated version of this policy.

2.2 Corporate Management Team

In 2002/03 a restructure was completed at the top level with the Senior Management posts being independently evaluated using a Hay based job evaluation scheme. This group of employees were not job evaluated under the NJC Scheme as independent advice was that this was not an appropriate way of determining salaries for Heads of Service and above.

In May 2007, a further restructure resulted in the deletion of the Director posts and the creation of a new Deputy Chief Executive. At the same time, the salary of the Chief Executive was reviewed. Following a benchmarking exercise, it was acknowledged that the salary levels of the Corporate Management Team were low in comparison to many similar district councils and were becoming increasingly out of line.

In view of this, and further to advice from the District Auditor, the salaries for the Chief Executive and new Deputy Chief Executive were then set taking into account the following factors and challenges facing the Council:

- Changes in the way services are delivered
- Efficiencies to be achieved
- Having a new fit for purpose management structure
- Comparable information on salaries in other similar authorities
- Recruitment and retention of high calibre leaders to deliver the changing agenda

In order to provide a competitive salary for recruiting a new Chief Executive and Deputy, a new salary structure was agreed by Elected Members based on incremental rises rather than a spot based salary to offer the opportunity for annual progression.

The Corporate Management Structure was again reviewed in July 2009. To inform the setting of salary levels for the new posts, the Council sought advice from SOLACE Enterprises who undertook research into salary levels for Heads of Service. Data was collected from the 2007 Annual Salaries and Numbers Survey for Chief Executives and Chief Officers, and a benchmarking exercise completed on the salaries paid by similar Councils for Head of Service posts with similar corporate and service accountabilities.

SOLACE recommended the salary ranges below in order to attract and retain employees with the ability to lead and deliver the agenda set out at Chesterfield.

It was agreed by the Joint Cabinet and Employment & General Committee to implement a new grading structure for Heads of Service based on a 5 point salary scale with salary levels of 62.5 – 65% of the salary assigned to the Chief Executive.

3. Grading Structure

There are 3 grades for the Corporate Management Team who are on Chief Officer conditions, each having 5 incremental progression points as follows:

Incremental points	Chief Executive	Deputy Chief Executive	Heads of Service
1	£94254.00	£79096.52	£57500.00
2	£96815.25	£80353.58	£59500.00
3	£99376.50	£82027.62	£61500.00
4	£101937.75	£83701.65	£63500.00
5	£104499.00	£85375.68	£65500.00

Whilst the Corporate Management Team have moved up through the incremental progression, there has been no cost of living award since 2009. A cost of living rise of 1% was awarded to all employees in April 2013 but a decision was made not to apply this to CMT.

The current structure was implemented in October 2009 and is due for review in 2014.

As and when the review is concluded, a new corporate management structure will be presented for approval. Where the salary package of any post exceeds £100,000, full council will be given the opportunity to approve the package. The salary package is defined as base salary, any routinely paid allowances, bonus fees and other benefits in kind which are due under the contract.

4. Terms and Conditions of Service

The Chief Executive is employed under the terms and conditions of service of the Joint Negotiating Committee for Chief Executives of Local Authorities, and the Deputy Chief Executive and Heads of Service under the terms and conditions of service of the Joint Negotiating Committee for Chief Officers of Local Authorities. There are currently no additional local agreements relating to the employment of chief officers that represent a charge on the public purse, with the exception of election duties (see following paragraph).

5. Additional Payments

5.1 Election Duties

The Chief Executive receives fee payments pursuant to his appointment as Returning Officer at elections. The fees paid in respect of parish, district and county council elections vary according to the size of the electorate and number of postal voters and are calculated in accordance with a fee structure determined by Derbyshire County Council. Fee payments for national and European elections are set by central government and are, in effect, not paid by the Council, as the fees are reclaimed.

5.2 Acting Up Payments

Acting up payments are made where an employee may undertake the full duties and responsibilities of a higher graded post. For employees at Scale 8 and above (which includes Chief Officers) a continuous qualifying period of four weeks will apply before payment can be made. Further details are set out in paragraph 8 of the Local Collective Agreement.

5.3 Honoraria

An honorarium is payable in circumstances where an employee carries out additional duties which are at a higher level than those in their substantive post, but there is no entitlement to a higher salary. Further details are set out in Paragraph 9 of the Local Pay Agreement.

5.4 Telephone Rental

A line rental may be paid to any Chief Officer who is expected to be contactable at home. The same payment is made to all eligible employees, regardless of grade.

A mobile telephone is provided to employees at the discretion of the Head of Service where it is considered appropriate for the delivery of the service. The cost of the monthly rental is paid as well as business related calls.

5.5 Car Mileage and Expenses

All employees, including Chief Officers, are able to claim for mileage and expenses occurred for business reasons only. A review of car mileage payments was carried out in 2012/13 and a decision made by Cabinet in July 2013 to implement the HMRC rates for mileage claims. Essential user allowance will no longer be paid. Expenses are paid in accordance with the Council's Subsistence Policy.

5.6 Other financial benefits

The Chief Executive, Deputy Chief Executive and Heads of Service are not in receipt of any financial benefits that are not also available to other employees.

Chief Officers are exempt from receiving the following benefits which other employees receive:

- Unsocial hours payments
- Overtime Payments

Chief Officers do not receive any additional payments relating to performance related pay, bonuses or ex-gratia benefits.

6. Incremental Progression

The policy of the Council in respect of incremental progression is the same whatever the level of the post and is set out at paragraph 1 of the Local Collective Agreement. On taking up employment, individuals will normally start at the bottom spinal column point of the appropriate grade, however, there is discretion to appoint at a higher point depending on skills, experience and any market factors which could impact on the ability to otherwise recruit to the post.

In the case of a Head of Service, this decision would be made by the Chief Executive. The Appointments Panel would make this decision for Chief Executive or Deputy Chief Executive appointments (in accordance with the Council's constitution).

7. Lowest Paid Employees

Following the implementation of Single Status and the NJC Job Evaluation Scheme, local grades were implemented as set out at Appendix 1. The lowest paid employees are determined by those whose job evaluation score was between 250-279, which placed them on Scale 1 at SCP 4-6. From 1 October 2013, the NJC for Local government Employees agreed that the bottom Spinal Column Point would be removed as this would be lower than the National Minimum Wage. The lowest grade now starts at SCP 5

8. Relationship between salaries

The ratio of the Council's top earner to that of its median paid employee is 6.05:1

This ratio has been based on taxable earnings for the financial year 2013 to date.

9.Pensions

9.1 Contributions

Employees of the Council (including Chief Officers) pay a contribution to the Pension Scheme relative to their annual full-time equivalent pensionable pay (including pensionable allowances):

<i>Band</i>	<i>Whole-time Pay Range</i>	<i>Contribution rate for all earnings %</i>
1	£0 to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,100	7.5%

The above banding are the current contribution rates as at the point of publication. Changes to the LGPS and the bandings for contributions are currently awaiting final approval for implementation from 1 April 2014.

The Employer's contribution at Chesterfield is currently 12.2% of pensionable pay rising to 13.2% from April 2014.

9.2 Discretions

There are a number of discretions available under the Local Government Pension Scheme applicable to all employees. The aim of the Chesterfield Borough Council Policy on discretions is to ensure:

- fairness and equity in funding and contribution levels are adequate to meet future demands
- elected members are made aware of the financial consequences of decisions
- the age, skills and experience profile of the organisation is balanced

The discretions agreed for all employees are set out as follows:

Employer consent for early payment of pension benefits – Reg 31	Each case considered on its merits but early payment of benefits for employees aged 55-65 will only be approved by members where costs are recovered by the time normal retirement age would have occurred or within a max of 5 years
---	---

Early release of unreduced benefits on compassionate grounds	Discretion to consider in exceptional circumstances and only after all other options exhausted
Deferred pension benefits for former employees	Discretion to consider payment only on compassionate grounds.
Additional LGPS membership	As a general rule, CBC will not grant additional service to employees
Shared cost AVC's – Reg 67	CBC has not adopted the discretion to introduce a shared cost AVC facility
Waiver of Contributions – Reg 15	Discretion to waive or reduce contributions for those with 40 or more years membership before age 60 where no additional benefit would be accrued from continued contributions
Redundancy Payments based on actual pay rather than the statutory minimum	CBC applies this discretion
Lump sum compensation of up to 104 weeks	Discretion to consider in exceptional circumstances only and only where it is to the benefit of the Council.
Flexible retirement	CBC does agree flexible retirement for its employees where there is nil cost or there is a benefit to the Council in agreeing to the request.

9.3 Re-employment of employees in receipt of a pension

The Council has a statutory duty to appoint on merit and will always seek to appoint the best candidate for a position based on skills, knowledge, experience and abilities.

Under the terms of the Local Government Pension scheme, an employee who has retired from local government service and is in receipt of a pension may reapply for local government employment. However, where this happens the pension maybe subject to abatement, i.e. if the pension added to the new salary is higher than the original salary then the amount of pension will be reduced accordingly.

There are currently no re-employed pensioners in corporate management positions and no previously employed Chief Officer has returned under a contract for services.

Where a former employee has left on the grounds of redundancy, the Council will apply the provisions of the Redundancy Modifications Order regarding recovery of the redundancy payment, if relevant.

10. Payments on Termination of Employment

Payments on termination of employment will be made under the LGPS or in accordance with the discretions set out above. Other payments may be made where the Council has specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

Any severance payment over £100,000 must be agreed by Full Council.

11. Publication of Information

Information relating to the salaries of senior management is already published on the Council's website. This policy statement, which has been approved by Full Council, will also be made available and placed on the website from March 2014.