

Senior Pay Policy Statement

Policy Guiding Principles 2016/17

Prepared by: Human Resources

Date: February 2016

For Review: February 2017

This page is left intentionally blank

CONTENTS

	Page
1. Introduction	4
1.1 Legislation	4
1.2 Scope	4
1.3 Context	5
1.4 Definitions	5
2. Background to Pay and Grading	6
2.1 Whole Workforce	6
2.2 Living Wage	6
2.3 Corporate Management Team	7
3. Senior Management Salaries	7
3.1 Senior Leadership Team Benchmarking	7
3.2 Packages over £100,000	8
3.3 New Corporate Management Team	8
4. Terms and Conditions	9
5. Additional Payments	9
5.1 Election Duties	9
5.2 Acting up Payments	9
5.3 Honoraria	10
5.4 Telephone Rental	10
5.5 Car Mileage and Expenses	10
5.6 Other financial benefits	10
6. Incremental Progression	10
7. Lowest Paid Employees	11
8. Relationship between Salaries	11
9. Pensions	11
9.1 Contributions	11
9.2 Discretions	12
9.3 Re-employment of Employees	12
10. Payments on Termination of Employment	13
11. Publication of Information	13
Appendices	
1 Corporate Management Team Structure Chart	
2 Local Pay Scales January 2015	
3 LGPS Discretions	

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.

In addition, the Department for Communities and Local Government published a revised Local Government Transparency Code on 3 October 2014. The Local Government (Transparency Requirements) (England) Regulations 2014 regulates the Code which sets out the information local authorities are required to publish.

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 Senior Leadership roles at Chesterfield Borough Council

- **Chief Executive**
- **Executive Director x 2**
- **Chief Finance Officer**

At a meeting of the Joint Employment & General and Cabinet Committee on 15 December 2015, a new Corporate Management structure was approved creating the following new roles:

- Director of Resources
- Commercial Services Manager
- Customers, Commissioning and Change Manager
- Economic Growth Manager
- Health & Wellbeing Manager
- Housing Manager
- Policy & Communications Manager

With the exception of the new Director of Resources, these new posts will be at the third tier level but will be employed on Chief Officer terms.

Implementation of this new structure will commence from January 2016.

The new corporate management structure is attached at Appendix 1.

The statutory duties of Head of Paid Service and Section 151 Officer are incorporated into the posts of Chief Executive and the current Chief Finance Officer respectively. Once appointed, the new Director of Resources will carry out the responsibilities of the Section 151 officer. The duties of the Monitoring

Officers are incorporated into the post of Regulatory and Local Government Law Manager.

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. The actual salary at each point is determined by the National Joint Council (NJC) Pay Award, the last one being awarded as at 1 January 2015.

The pay award for 2016-17 is currently pending but will be designed to meet the immediate obligations under the National Living Wage and to start the process of moving towards the expected level of the National Living Wage by 2020.

2.2 Living Wage

The new legislative requirement to pay the National Living Wage of £7.20 comes into force from 1 April 2016. However the Council is committed to paying the Living Wage determined by the Living Wage Foundation. This increased to £8.25 in November 2015 and is expected to be applied to the lowest paid Council employees from 1 April 2016.

2.3 Corporate Management Team

In 2014, a review of the Corporate Management Team (CMT) was carried out and a revised structure agreed in June 2014.

This restructure resulted in the deletion of the Deputy Chief Executive and Head of Service posts and the creation of two new Executive Directors and Chief Finance Officer.

With the challenges facing the Council both now and over the next 3 to 5 years, it was essential for the new Senior Leadership Team to have the skills and capabilities to deliver the changes required.

Following the implementation of the above new structure, a review commenced of the roles at the next tier of management. In December 2015, agreement was reached for seven new roles to be created to ensure that the Corporate Management and Senior Leadership Teams, could effectively deliver the objectives in the Council Plan in the context of the challenges facing the council.

3. Senior Management Salaries

3.1 Senior Leadership Team - Benchmarking

In deciding on appropriate salaries for the new senior leadership positions in 2014, a benchmarking exercise was carried out into emerging management structures across district/borough councils in England. The research found that there was a move away from annual incremental progression through an agreed salary scale, to senior officers now being appointed on spot salaries.

The salaries for the current Senior Leadership posts are shown in the table below. The salary for the post of Chief Finance Officer includes a £5,000 responsibility allowance in addition to the basic salary to reflect the post's Section 151 responsibilities and their position on the Senior Leadership Team.

Incremental points	Chief Executive	Executive Director	Chief Officer
1	£94254.00	£86700	£61320
2	£96815.25		
3	£99376.50		
4	£101937.75		
5	£104499.00		

There was no cost of living rise awarded to Chief Executives or Chief Officers from 2009 – 2014. In January 2015, a 2% rise was awarded but was only to

be applied where the basic salary was less than £100,000. This increase was not applied to the Chief Executive position.

3.2 Package over £100,000

Where the salary package of any post exceeds £100,000, full council will be given the opportunity to approve the level of remuneration. 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.

3.3 New Corporate Management Team

The new Corporate Management Team to be implemented from January 2016, will comprise of 6 manager posts with new job roles. These all include an identical set of corporate responsibilities, together with a set of service specific responsibilities.

There will also be a change to the Senior Leadership Team which will see the current Chief Finance Officer role being deleted and a new Director of Resources post established.

The new CMT roles and the new Director of Resources role have been evaluated by a senior adviser to the Local Government Association, using the LGA Chief Officer method of job evaluation. The recommended salary bands take account of comparable roles in other local authority organisations.

To provide consistency with the approach taken to other roles within the Senior Leadership Team, the Director of Resources will be appointed on a spot salary of £75,000.

Post	Incremental Range			
	1	2	3	4
Director of Resources	£75,000			
Commercial Services Manager	£57,500	£60,000	£62,500	£65,000
Customers, Commissioning and Change Manager	£57,500	£60,000	£62,500	£65,000
Economic Growth Manager	£57,500	£60,000	£62,500	£65,000
Health & Wellbeing Manager	£57,500	£60,000	£62,500	£65,000
Housing Manager	£57,500	£60,000	£62,500	£65,000
Policy & Communications Manager	£50,000	£52,500	£55,000	£57,500

These pay scales will be uplifted in line with the national pay award on an annual basis.

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 Executive Directors and Chief Finance Officer under the terms and conditions of service of the Joint Negotiating Committee for Chief Officers of Local Authorities.

The new Corporate Management roles, including that of Director of Resources, will be employed under the terms and conditions of service for 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 Service Manager 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. These revised payments have been applied to all employees claiming mileage since March 2014. Essential user allowance is no longer paid. Expenses are paid in accordance with the Council's Subsistence Policy.

5.6 Other financial benefits

Post holders employed under the terms and conditions relating to Chief Executives and Chief Officers are not in receipt of any financial benefits that are not also available to other employees.

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

- Unsocial hours payments
- Overtime Payments

The Chief Executive and 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 regardless of 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 Chief Officer appointment, this decision would be made by the Chief Executive. The Appointments Panel would make this decision for 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 2015, 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 6

8. Relationship between salaries

The ratio of the Council's top earner to that of its median paid employee is 6.53

This ratio has been based on year to date taxable earnings for the financial year 2015 to 31 December 2015.

9. Pensions

9.1 Contributions

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

Band	Range (£)	Contribution Rate
1	£0 to £13,500	5.5%
2	£13,501 to £21,000	5.8%
3	£21,001 to £34,000	6.5%
4	£34,001 to £43,000	6.8%
5	£43,001 to £60,000	8.5%
6	£60,001 to £85,000	9.9%
7	£85,001 to £100,000	10.5%
8	£100,001 to £150,000	11.4%
9	More than £150,001	12.5%

An assessment is undertaken on an annual basis to determine the contribution rate.

Following changes under the LGPS regulations in 2014, all employees now have an option to pay half contributions and build up half of the normal pension. This is known as the 50/50 section of the scheme and is designed to be a short-term option for when times are financially difficult.

The Employer's contribution at Chesterfield is currently 13.2% of pensionable pay.

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 at Appendix 3.

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 senior 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 currently over £100,000 must be agreed by Full Council.

A decision is expected in early 2016 following the consultation relating to Public Sector Exit Payments. If agreed, this legislation will place a cap of £95,000 on the total package for employees leaving public sector employment.

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 2016.