

# **Senior Pay Policy Statement**

## **Policy Guiding Principles 2020/21**

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## **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**
- **Director of Finance and Resources**

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

With the exception of the new Director of Finance and Resources, these new posts were employed at the third tier level and were employed on Chief Officer terms and conditions. Implementation of the new structure took place during 2016 and the final appointment, the Director of Finance and Resources was implemented November 2016.

The statutory duties of Head of Paid Service and Section 151 Officer are incorporated into the post of Chief Executive. The acting Chief Finance Officer is currently covering the responsibilities of the Section 151 officer. The duties

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

The structure of the Corporate Management Team and role of Director of Finance and Resources are under review at the time of writing and changes will be finalised in due course but not in time for this publication.

## **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 actual salary at each point is determined by the National Joint Council (NJC) Pay Award, the last one being awarded as at 1 April 2018 for two years following a national review of the pay spine.

The national review resulted in a two year pay award for 2018-2020 which saw the bottom 14 scale points increased by up to 9% to make significant progress on the government aim of paying the National Living Wage of £9.00 per hour by 2020. Additionally, the review proposed increased spine points at the lower end of the pay scales to ensure that consistent pay progression could be achieved.

Following that review, the council successfully negotiated a revision to the collective agreement with local Trade Unions to implement the addition of extra scale points to the NJC scale matched to local grades.

## 2.2 Living Wage

The new legislative requirement to pay the National Living Wage of £7.20 came into force from 1 April 2016. However, the council was committed to paying the Living Wage determined by the Living Wage Foundation and this was implemented from 1 April 2016 at the rate of £8.25 per hour for staff at spine points 12 and below and increased in line with the rate set by the Living Wage foundation each April until April 2019. From April 2019 the living wage element was removed as the NJC award raised the bottom pay to the level of the National Living Wage.

Negotiations for the 2020 pay award are still ongoing at a national level and unlikely to be concluded by April 2020. The council are considering the impact of the increase in the voluntary living wage in November 2019 to £9.30 as this again exceeds the lowest pay grade and is likely to exceed this after any agreed pay award. It is likely that the council will be re-introducing the voluntary living wage with effect from April 2020 should national negotiations not achieve this rate at the lowest grade.

## 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. See Appendix 1.

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 Director of Finance and Resources.

With the challenges facing the council 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. The revised structure was fully implemented in November 2016.

To ensure the senior management structure remains relevant and to incorporate the insourcing of circa 160 staff in October 2020 the Corporate Management team structure is under review at the time of writing however changes are unlikely to be agreed before publication of this policy.

### **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 effective from 1 April 2020 are shown in the table below (subject to 2% pay rise being implemented).

<b>Incremental points</b>	<b>Chief Executive</b>	<b>Executive Director</b>	<b>Director of Finance and Resources</b>
1	£104,073.66	£93,856.32	£85,745.28
2	£106,903.14		
3	£109,731.60		
4	£110,351.76		
5	£113,123.10		

A revised pay agreement was agreed with Chief executives in 2018 covering the two-year period 1 April 2018 – 31 March 2020. This agreement awarded a 2% cost of living rise and was implemented from 1 April 2018.

At the time of writing the NJC pay award for 2020 is still under consultation but a 2% increase has been assumed.

#### **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 Corporate Management Team**

The new Corporate Management Team was implemented from March 2016 and comprised 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 was also a change to the Senior Leadership Team which saw the Chief Finance Officer role being deleted and the new Director of Finance and Resources post established.

The new CMT roles and the new Director of Finance and Resources role were evaluated by a senior adviser to the Local Government Association, using the LGA Chief Officer method of job evaluation. The recommended salary bands took 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 Finance and Resources was appointed on a spot salary.

Salaries at April 1<sup>st</sup> 2020 (subject to ongoing CMT review see 2.3 above).

Post	Incremental Range			
	1	2	3	4
Assistant Director Commercial Services	£62,245	£64,951	£67,658	£70,364
Assistant Director Customers, Commissioning and Change	£62,245	£64,951	£67,658	£70,364
Assistant Director Economic Growth	£62,245	£64,951	£67,658	£70,364
Assistant Director – Health And Wellbeing	£62,245	£64,951	£67,658	£70,364
Assistant Director Housing	£62,245	£64,951	£67,658	£70,364
Assistant Director Policy & Communications	£54,127	£56,833	£59,540	£62,245

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, Director of Finance and Resources and Corporate Management team 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 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 any Chief Executive appointment (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. 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. Following negotiations on the pay award for 2019 and realignment of the local pay grades, the lowest grade currently starts at the new scale point 1 which is £9.00 an hour and subject to a 2% pay award in April 2020 being agreed will be £9.18.

## **8. Relationship between salaries**

The ratio of the Council's top earner to that of its median paid employee is 6.93. This ratio has been based on year to date taxable earnings for the financial year 1 April 2019 to 31 December 2019.

## **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) (rates below as of April 2018):

Band	Range (£)	Contribution Rate
1	£0 to £14,400	5.5%
2	£14,401 to £22,500	5.8%
3	£22,501 to £36,500	6.5%
4	£36,501 to £46,200	6.8%
5	£46,201 to £64,600	8.5%
6	£64,601 to £91,500	9.9%
7	£91,501 to £107,700	10.5%
8	£107,701 to £161,500	11.4%
9	More than £161,501	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.

Following the triennial re-evaluation of the pension scheme the Employer's contribution for Chesterfield will rise to 15.2% of pensionable pay from April 2020.

### **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 in the council's discretions policy.

### **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 may be 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 still expected 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 2020