

Senior Pay Policy Statement

Policy

Guiding Principles

2021/22

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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

At a meeting of the Joint Employment & General and Cabinet Committee on 20th October 2020, a new Corporate Management structure was approved creating the following new roles:

- Service Director Finance
- Service Director Digital, HR and Customer Services
- Service Director Economic Growth
- Service Director Leisure, Culture & Community Services
- Service Director Housing
- Service Director Corporate

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 2020, except for the post of Service Director Finance which at the time of writing is still vacant, with plans to recruit in early April 2021.

The statutory duties of Head of Paid Service is incorporated into the post of Chief Executive, and the new Service Director Finance carries out 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.

2. Background to Pay and Grading

2.1 Whole Workforce

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, however following the conclusion of the national pay award in 2020 the council again reinstated the Voluntary Living Wage rate of £9.30 for all affected staff and is considering the financial implications of raising this from April 2021.

2.3 Corporate Management Team

During 2020 a review of the Corporate Leadership Team (CLT) was carried out and a revised structure agreed in October 2020 See Appendix 1.

This restructure resulted in the deletion of the following posts: -

- Assistant Director Health & Wellbeing
- Assistant Director Policy & Communication
- Assistant Director Customers, Commissioning & Change
- Assistant Director Economic Growth
- Assistant Director Commercial Services
- Assistant Director Housing
- Director of Finance & Resources

With the unprecedented challenges facing the council it was essential for the new Senior Leadership Team to have the skills and capabilities to deliver the changes required and given that the last review was in 2014, it was felt timely to review during 2020.

The aim of the review was to put in place a Corporate Leadership Team that could lead the successful delivery of the Council plan, in line with the Council's values and behaviours and meet the ongoing challenges that regularly arise. The key areas, which were addressed as part of the review were: -

- Increasing strategic capacity to shape and lead change across services.
- Ensuring the Council had the right levels of capacity, skills and alignment across services and management tiers to deliver the Council Plan priorities and associated plans.
- Providing the strategic capacity to strengthen the corporate approach to leading business prioritisation, planning, budget and performance management
- Strengthening and adding clarity to the governance, assurance, and compliance arrangements across the council
- Improving engagement and communications with people and teams across the Council.
- Further reducing silo working and embedding the 'One Council' culture.

Following the implementation of the Corporate Leadership Team (CLT) structure in early December 2020, the council is now reviewing the posts at

the tiers four and five to align these to the new portfolios. This activity is expected to conclude by June 2021 with the majority of new/amended posts established from September 2021.

3. Senior Management Salaries

3.1 Senior Leadership Team - Benchmarking

In deciding on appropriate salaries for the new Corporate Leadership Team in 2020, 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 benchmarking and evaluation report recommended that the Chief Executive salary be uplifted (as this had not been reviewed for many years) and recommended a salary minimum of £112,500 to a maximum of £120,000.

Given the current financial burdens not only on the council but the wider economy, the current Chief Executive chose not to accept the increased salary level proposed and remains on the existing salary range (with annual pay rise being added to this lower level).

A revised pay agreement was agreed with Chief Executives in 2018 covering the two-year period 1 April 2018 to 31 March 2020. This agreement awarded a 2% cost of living rise and was implemented from 1 April 2018. A pay award of 2.75% was awarded for 2020/21 and at the time of writing the NJC pay award for 2021 is still under consultation but a 2% increase has been assumed.

The salaries for the current Senior Leadership posts effective from 1 April 2021 are shown in the table below (subject to 2% pay rise being implemented).

Incremental points	Chief Executive	Executive Director
1	£106,935.78	£96,436.92
2	£109,842.78	
3	£112,747.74	
4	£113,386.26	
5	£116,235.12	

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 Leadership Team

The new Corporate Leadership Team was implemented from December 1st, 2020 and comprised of six 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 Director of Finance and Resources role being deleted.

The new CLT roles 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, all the new Service Director roles were appointed on a spot salary.

Salaries at April 1st 2021 (assuming 2% pay increase agreed nationally)

Post	Salary
Service Director Housing	£79,050
Service Director Digital, HR & Customer Services	£79,050
Service Director Economic Growth	£79,050
Service Director Leisure, Culture & Community Services	£79,050
Service Director Corporate	£79,050
Service Director Finance	£79,050

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 Corporate Leadership 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, except for 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, can 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 £9.24 an hour and subject to a 2% pay award in April 2021 being agreed will be £9.42.

Subject to formal approval this will be increased to the Living Wage Foundation rate of £9.50 as announced in November 2020.

8. Relationship between salaries

The ratio of the Council's top earner to that of its median paid employee is 5.32. This ratio has been based on year to date taxable earnings for the financial year 1 April 2020 to 31 December 2020.

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 2020):

Band	Range (£)	Contribution Rate
1	Up to £14,600	5.5%
2	£14,601 to £22,800	5.8%
3	£22,801 to £37,100	6.5%
4	£37,101 to £46,900	6.8%
5	£46,901 to £65,600	8.5%
6	£65,601 to £93,000	9.9%
7	£93,001 to £109,500	10.5%
8	£109,501 to £164,200	11.4%
9	£164,201 or more	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.

The Restriction of Public Sector Exit Payments Regulations 2020 (Exit Cap Regulations) came into force on 4 November 2020. These regulations limit the value of public sector employee exit packages to a cap of £95,000.

The Local Government Pension Scheme has a duty to ensure exit payments remain within the cap and interim policies have been introduced whilst ongoing legal challenges are finalised. The Council will adhere to these regulations.

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 2021