

# **Senior Pay Policy Statement**

## **Policy Guiding Principles 2015/16**

**Prepared by:** Human Resources

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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 roles at Chesterfield Borough Council:

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

The 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 Chief Finance Officer respectively. 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**

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 latest one being awarded as at 1 January 2015.

A Project Steering Group comprising Officers, Elected Members and Trade Union representatives has been established to review the Local Collective 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 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.

## **3. Senior Leadership Salaries**

### **3.1 Benchmarking**

In deciding on appropriate salaries for the new positions, 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 Chief Executive post remains unchanged on the same incremental grade. The new posts of Executive Director are remunerated at £85,000 and the new post of Chief Finance Officer at £60,000. This latter sum includes a £5,000 responsibility allowance in addition to salary to reflect the post's Section 151 responsibilities and their position on the Senior Leadership Team.

<b>Incremental points</b>	<b>Chief Executive</b>	<b>Executive Director</b>	<b>Chief Officer</b>
1	£94254.00	£85,000	£60,000
2	£96815.25		
3	£99376.50		
4	£101937.75		
5	£104499.00		

Whilst the Chief Executive will have moved up through the incremental progression, there has been no cost of living award since 2009. A decision on the national pay award for Chief Executives and Chief Officers for 2015/16 is currently outstanding.

### **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.

## **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. 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**

The Chief Executive, Executive Directors and Chief Finance Officer 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 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 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 5.53:1

This ratio has been based on year to date taxable earnings for the financial year 2014 to 31 December 2014.

## **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 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 2015.