

HIGH PEAK BOROUGH COUNCIL

Report to Council

25th February 2016

TITLE:	Pay Policy Statement 2016/17
EXECUTIVE COUNCILLOR:	Cllr Emily Thrane – Executive Councillor for Finance & Corporate Services
OFFICER:	Mary Walker - OD & Transformation Manager
WARDS:	Non-specific

Appendices Attached:

Appendix A – Pay Policy Statement 2016/17

1. Reason for the Report

- 1.1 The purpose of the report is to confirm the agreed Council policies for remuneration of its workforce and to seek the approval of the Pay Policy Statement for 2016/2017 in compliance with the provisions of the Localism Act 2011.

2. Recommendation

- 2.1 That Council approves the Pay Policy Statement for 2016/2017.

3. Executive Summary

- 3.1 In accordance with Sections 38 to 43 of the Localism Act 2011 the Council is required to agree a Pay Policy Statement for each financial year. In preparing this statement, the Council is also required to have regard to the guidance issued by the Secretary of State under Section 40 of the Localism Act 2011.
- 3.2 The Pay Policy Statement must be approved by a resolution of Full Council by the end of March and in each subsequent year. The Council must publish the statement in such manner as it thinks fit, which must include publication on the Authority's website.
- 3.3 The proposed Pay Policy Statement attached at **Appendix A** seeks to comply with the statutory requirements of the act and confirms the agreed policies of the Council.

4. How this Report Links to Corporate Priorities

4.1 Production of a Pay Policy Statement is a statutory requirement

5. Options and Analysis

5.1 The report is a statement of fact. As such there are no options to consider.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)
None.

6.2 Workforce
The proposed Pay Policy Statement confirms the policies previously agreed by the Council for remuneration of its Officers.

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies.

6.4 Financial Considerations
None arising directly from the report – the Council's budget includes provision for the payment of remuneration of its employees in accordance with the agreed policies.

It should be noted that the costs associated with the remuneration identified in the statement are shared between the Council and its strategic alliance partner Staffordshire Moorlands District Council

6.5 Legal
The preparation of an annual Pay Policy Statement is a statutory requirement under the Localism Act 2011.

The statement also takes into account guidance: Openness and accountability in local pay: Guidance under section 40 of the Localism Act which issued by the DCLG in February 2012 and supplementary guidance issued in February 2013.

6.6 Sustainability
None.

6.7 Internal and External Consultation
None.

6.8 Risk Assessment
Not applicable

ANDREW P STOKES
Executive Director (Transformation) and Chief Finance Officer

**Web Links and
Background Papers**

Localism Act 2011

Openness & accountability in local pay:
Guidance under section 40 of the
Localism Act – DCLG (Feb 2012)

Openness & accountability in local pay:
Guidance under section 40 of the
Localism Act – Supplementary
Guidance – DCLG (Feb 2013)

Location

OD & Transformation
Office/Legal Office

Contact details

Mary Walker
OD & Transformation
Manager.

7. Introduction and Background

- 7.1 The Council is required, in accordance with Sections 38 to 43 of the Localism Act 2011 to prepare a Pay Policy Statement for each financial year. In preparing this statement the Council is also required to have regard to the guidance issued by the Secretary of State under Section 40 of the Localism Act.
- 7.2 The Pay Policy Statement must be approved by full Council by the end of March prior to the commencement of the financial year. The Council must publish the statement in such manner as it thinks fit, which must include publication on the Authority's website.
- 7.3 The statutory guidance confirms that nothing contained within the provisions in the Act or guidance is intended to supersede existing responsibilities and duties placed on authorities in their role as employers, under relevant employment legislation, and authorities are required to bear in mind these responsibilities and duties when formulating their Pay Policy Statement. It is the expectation that discussion of Pay Policy Statements should take place in meetings which are open to the public, in particular, discussions should not engage the Data Protection Act as the policy does not concern data relating to a particular individual but rather the Authority's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

8 Required Content of the Statement

- 8.1 Section 38 of the Localism Act 2011 requires the Council to set out its policies for the coming financial year relating to:
- a) The remuneration of its chief officers;
 - b) The remuneration of its lowest paid employees; and
 - c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 8.2 The statement must also include the Authority's policies relating to:-
- a) The level and elements of remuneration for each chief officer;
 - b) Remuneration of chief officers on recruitment;
 - c) Increases in addition to remuneration for each chief officer;
 - d) The use of performance related pay for chief officers;
 - e) The use of bonuses for chief officers;
 - f) The approach to the payments of chief officers on their ceasing to hold office or to be employed by the Authority; and
 - g) The publication of and access to information relating to the remuneration of chief officers.
- 8.3 The definition of chief officers is not limited to the Head of Paid Service or statutory chief officers (i.e. the Section 151 Officer and Monitoring Officer). It also includes those officers who report directly to them as non statutory and

deputy chief officers. This definition, therefore, covers the Council's Chief Executive, Executive Directors Heads of Service and Corporate & Operational Service Managers and the relevant policies relating to their remuneration, as previously agreed by the Council, are included within the attached Pay Policy Statement.

9 Pay Policy Statement

- 9.1 The proposed Pay Policy Statement attached at **Appendix A** seeks to comply with the statutory requirements of the Act and confirm the agreed policies of the Council and is recommended for approval on that basis.

10 Strategic Alliance

- 10.1 It should be noted that the Council's workforce is shared with its strategic alliance partner Staffordshire Moorlands District Council. The pay costs identified in this statement are the overall levels of remuneration received by the individual employees, the costs of which are shared between the two authorities.

High Peak Borough Council

Pay Policy Statement 2016/17

February 2016

Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regards to the Council’s approach to setting the pay of its employees by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Committees responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the Full Council.

Once approved by the Full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

Strategic Alliance

The Council’s workforce is shared with its strategic alliance partner Staffordshire Moorlands District Council. The Chief Executive and Executive Directors are employed by both councils. The other chief officers are employed by one of the councils but are joint appointments and work across the two authorities. The majority of employees also work across both councils. The terms and conditions of employment have been harmonised across the two councils and the costs are shared

Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regards to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay

structures and that all pay differentials can be objectively justified through the use of equality-proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role. This statement also takes into account guidance: *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011* issued by DCLG in February 2012 and supplementary guidance issued in February 2013.

Pay Structure

“Green Book” Employees

Based on the application of the Job Evaluation process, the Council uses the nationally negotiated pay spine (further details can be found at www.lge.gov.uk) as the basis for its local grading structure for all employees engaged on National Joint Council for Local Government Services’ conditions of service (the “Green Book”). This determines the salaries of the large majority of the workforce, together with the use of other nationally defined rates where relevant. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any cost of living increases negotiated in the pay spine. In order to comply with the introduction of the National Living Wage from 1st April 2016 a one-off spinal column point will be created as a temporary measure until the 2016 pay award has been fully negotiated and implemented.

Craft Employees

There are some employees on pay and conditions of service for craft employees which are determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees (Red Book). The pay deal for 2016 as the point of this statement is still subject to on-going negotiation.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining and /or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

Senior Management Remuneration

For the purpose of this statement, senior management means ‘chief officers’ as defined with Section 43 of the Localism Act. The salary scales for chief officers are as previously

agreed by Full Council: in respect of the Chief Executive's salary by resolution of Council on 13th May 2008; in respect of the Executive Directors by resolution of Council on 5th March 2009; and the remaining Chief Officers by resolution of Council on 2nd March 2011.

The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2016:

a) **Chief Executive**

The current salary of the post is **£157,775**. The salary falls within a range of 5 incremental points between **£145,481** rising to a maximum of **£157,775**.

b) **Executive Directors**

The salaries of posts designated as Executive Director fall within a range of 8 incremental points between **£84,823** rising to a maximum of **£99,946**.

c) **Heads of Service**

The salaries for posts designated as Heads of Service fall within a range of 7 incremental points between **£60,083** rising to a maximum of **£74,671**.

d) **Corporate / Operational Service Managers**

The salaries for posts designated as Heads of Service fall within a range of 8 incremental points between **£49,229** rising to a maximum of **£65,190**.

At the point of this statement the 2016 pay award is still subject to on-going negotiation for Chief Officers. The pay award for Chief Executives continues to remain outstanding 2014/2016.

Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in Part 4 of the Constitution. When recruiting to all posts the Council will take full and proper account of its own equal opportunities and other recruitment policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market supplements in accordance with its relevant policies.

Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, make use of 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council's Head of Customer Services post is currently vacant and

temporary cover has been recruited in this way with a contract in place until 31st January 2017.

When appointments are made to chief officer posts where total annual remuneration is greater than £100,000 these appointments will be subject to approval of Full Council.

Additions to Salary of Chief Officers

The Council normally applies performance related pay to its chief officers, in accordance with the existing terms and conditions previously agreed by Council as follows:-

Chief Executive: Up to 15% of salary (in recognition of excellent performance) subject to performance appraisal, once the maximum of the grade is reached. For the **sixth** year running the postholder has declined this payment in response to the Council's budgetary constraints.

Executive Director: Up to 15% of salary (in recognition of excellent performance) subject to performance appraisal, once the maximum of the grade is reached. Two postholders eligible for this payment agreed a voluntary reduction in their overall earnings which amounted to a 3.75% decrease from their 2010/11 earnings.

The third postholder has not reached the maximum of the grade and, for the fourth year running, has had their incremental progression frozen in accordance with a local agreement reached with the trade unions in response to the Council's budgetary constraints.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

Chief Executive – Additional Payments

- Fees paid for returning officer duties in accordance with the agreed County Fee Scale.
- A contribution of **£7,600 p.a.** towards the cost of providing a lease car. This is comprised of
 - £2,700** - fixed basic contribution (available to all lease car users)
 - £250** - further fixed basic contribution (available to all lease

	car users) subject to meeting certain emissions criteria
£3,070	- payable to Chief Executive only
£1,580	- business usage fuel allowance.

Deputy Chief Executive Allowance

- A plusage of **£4,813 p.a.** is payable to an Executive Director in recognition of their role of Deputy Chief Executive. This reflects a voluntary reduction of 3.75% on the 2010/11 level, in response to the Council's budgetary constraints.

Section 151 Officer Allowance

- A plusage of **£4,813 p.a.** is payable to an Executive Director in recognition of their role of Section 151 Officer. This reflects a voluntary reduction of 3.75% on the 2010/11 level, in response to the Council's budgetary constraints.

Monitoring Officer Allowance

- A plusage of **£4,813 p.a.** is payable to an Executive Director in recognition of their role of Monitoring Officer. This reflects a voluntary reduction of 3.75% on the 2010/11 level, in response to the Council's budgetary constraints.

Executive Directors – Additional Payments

- Fees paid in respect of election duties in accordance with the agreed County Fee scale.
- A contribution of **£4,900 p.a.** is paid to 2 postholders towards the cost of providing a lease car. This is comprised of:

£2,700	- fixed basic contribution (available to all lease car users)
£250	- further fixed basic contribution (available to all lease car users) subject to meeting certain emissions criteria
£1,950	- payable to Executive Directors only.

In addition, a business usage fuel allowance of **15.8p** per mile is payable.

Other Chief Officers – Additional Payments

APPENDIX A

- The provision of subsidised lease cars is restricted to postholders designated as Essential Car Users and employed by the Council prior to the formation of the Strategic Alliance. Non-lease car holder Essential Users are paid the following:-

Car User Allowance: The Council compensates designated Essential Car Users who do not drive a lease car, in accordance with the provisions of the NJC for Local Government Services, as amended by the removal of the top banding, in accordance with a joint local agreement. The resultant allowances are as follows:

451- 999 cc	1000+cc
£846	£963

Mileage Rates: The Council compensates all employees who are authorised to use their own car on Council business in accordance with the provisions and rates agreed by the NJC for Local Government Services, as amended by the removal of the top banding, in accordance with a joint local agreement. The resultant mileage rates apply:

	451-999cc	1000+cc
Essential User		
Per mile (first 8,500 miles)	36.9p	40.9p
Thereafter:	13.7p	14.4p

- Fees paid in respect of election duties in accordance with the agreed County Fee Scale.

Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

Any other payments falling outside the provision or the relevant periods of contractual notice shall be subject to a formal decision made by the Full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

When severance payments are awarded where the total payment is greater than £100,000 these payments will be subject to approval by Full Council. At the point of this statement the Government has announced the cap on severance payments will be set at £95,000. The date when this cap is due to come into force is yet to be determined.

Re-employment / Re-engagement of former Chief Officers

It is the policy of the Council not to re-employ former employees granted voluntary redundancy, including former Chief Officers. In exceptional cases, and only where there is a clear benefit to the Council, such former employees may be re-engaged on a short-term contract for service.

Publication

Upon approval by the Full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above.

The Council already provides details on its website of the remuneration paid to, and the duties of, the Chief Executive and Executive Directors.

Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with spinal column 6 (£13,614 per annum). The Council employs Modern Apprentices who are not included within this definition of 'lowest paid employees' as they are paid in accordance with national apprenticeship rates of pay.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a

fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation.

The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as **1:12.1** and between the lowest paid employee and average chief officer as **1:6.2**. The multiple between the median (average) full time equivalent earnings and the Chief Executive is **1:7.9** and between the average chief officer is **1:4.1**.

The Council considers that the current pay multiples represent an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Accountability and Decision Making

In accordance with the agreed Constitution, the Full Council is responsible for the appointment of the Chief Executive, following a recommendation from the Joint Appointments Sub-Committee. The Joint Appointments Sub-Committee, which is made up of councillors from both High Peak BC and Staffordshire Moorlands DC, is responsible for appointing Directors and Heads of Service. Appointments below Heads of Service level are the responsibility of the Chief Executive or his nominee.