

West Suffolk councils

Joint Pay Policy Statement 2016/2017

1. Introduction

- 1.1 Both Councils recognise 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 the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.
- 1.2 It is important that local authorities are able to determine their own pay policies and structures in order to address local priorities and to compete in the local labour market.
- 1.3 In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict. The Councils' ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during times of financial challenge, is crucial if the West Suffolk Councils are able to retain their current high performance levels and ensure that West Suffolk Services are protected during this continuing period of economic uncertainty.
- 1.4 In June 2013 a single pay and reward strategy was secured through collective agreement with Unison for all staff, except the Leadership Team, whose pay had been brought together in October 2012.
- 1.5 This Joint Pay Policy Statement has been produced for the Year 2016-17.

2. Legislation

- 2.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement annually.
- 2.2 The Act, and supporting statutory guidance, provides details of matters that must be included in this statutory pay policy, but, also, emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies. The Pay Policy Statement is approved formally by full Council annually. It must be published on the Council's website and be complied with when setting the terms and conditions of Chief Officer employees.
- 2.3 In October 2014 the Department for Communities and Local Government (DCLG), issued a Transparency Code for all public sector bodies. This code required us to publish specific data on our website from February 2015. We have published data on how we organise our structures, our senior salaries for those whose

remuneration is at least £50,000; the pay multiple and any trade union facility time given. The code was issued to as part of a drive to increase local accountability, giving local people the opportunity to contribute to the local decision making process and help shape their public services.

- 2.4 From April 2016, the government introduced a new mandatory national living wage (NLW) for workers aged 25 and above, initially set at £7.20 – a rise of 50p relative to the current National Minimum Wage (NMW) rate.
- 2.5 The National Minimum Wage will continue to apply for those aged 18 to 24 (age 18-20 £5.30 and age 21–24 £6.70).

3. Scope

- 3.1 This Pay Policy Statement includes:-
- (a) the level and elements of pay for each Chief Officer;
 - (b) the pay of the lowest paid employees;
 - (c) the relationship between the pay of Chief Officers and other officers; and
 - (d) other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.
- 3.2 Remuneration in this context is defined widely to include not just pay, but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.

4. Principles

- 4.1 The following principles were agreed with Unison to guide the development of the single pay and reward policy.
- Single terms and conditions across both workforces
 - Affordable: within the Mid Term Financial Strategy (MTFS)
 - Attractive: to recruit and retain
 - Responsible: maintains reputation
 - Legal: satisfies equality requirement
 - Fair: minimises risk of challenge
 - Drives: new organisational values
 - Rewards excellent performance
 - Manages unacceptable performance; and
 - Capable of achieving collective agreement
- 4.2 The remuneration of Chief Officers has been agreed outside of the collective agreement process and in regard to pay; local arrangements are in place, as agreed by Councils in 2012, when the joint Chief Executive and the Leadership Team were appointed.

5. Senior Pay

- 5.1 In this policy the senior pay group covers posts in the top three tiers of the organisation. These include the Chief Executive, Directors and Heads of Service.
- 5.2 The Council currently has the following number of posts at this level, 1 x Chief Executive, 2 x Directors, 6 x Heads of Service.
- 5.3 The management structure of the Councils can be found on the Councils website and on the intranet.

5.4 Chief Executive

- (a) The salary for this joint post was established when the joint Chief Executive was appointed in April 2012, at a range £105,000 - £115,000. This is a local grade which was established in February 2012, following an analysis of the degree of responsibility in the role, the downward movement in market rates, benchmarking with other comparators and the ability to recruit and retain an exceptional candidate. This was increased by 1% in April 2013, (£106,050 - £116,150).
- (b) An appraisal and review of the Chief Executive took place in November 2013. The current salary (as at 1/3/16) of the Chief Executive, is at the midpoint of the band (£111,050). There have been no additional bonuses, performance, honoraria or ex-gratia payments made.
- (c) Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives National Conditions, apart from those determined locally, as detailed in this policy.
- (d) The employment costs (salary and on-costs) of the Chief Executive are shared between Forest Heath District Council and St Edmundsbury Borough Council, which significantly reduces the cost of employing a Chief Executive for each Council.

5.5 Directors and Heads of Service

- (a) The salary for these posts has been established as a local grade following an analysis of the degree of responsibility, using the LGA national recommended job evaluation scheme for senior posts. The posts fall within the following ranges and incremental points:-

| Chief Officer Role | £ | £ | £ |
|---------------------|--------|--------|--------|
| Director | 78,191 | 80,797 | 83,404 |
| Head of Service HS1 | 57,340 | 59,947 | 62,552 |
| Head of Service HS2 | 62,552 | 65,159 | 67,765 |
| Head of Service HS3 | 67,765 | 70,372 | 72,978 |

An additional payment of £5,000 per year is payable to those undertaking the statutory Monitoring Officer and Section 151 roles.

- (b) There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments, emergency call rota, etc, paid to these senior staff, as they are expected to undertake duties outside their contractual hours and working patterns without additional payment.
- (c) Other terms and conditions are as prescribed by the NJC for Local Authority Services apart from those terms agreed locally, as detailed in this policy.
- (d) The employment costs (salaries and on-costs) of the Directors and Heads of Service are shared between Forest Heath District Council and St Edmundsbury Borough Council, which reduces the cost of employing the Leadership Team to each Council.
- (e) It is important to ensure that our Leadership Team salaries remain competitive and are set at a level that will continue to attract highly effective and experienced applicants for these roles in the challenging local government labour market. It will be important at the point the economy starts to grow, and competition for leadership roles intensifies, to keep under review the pay policy for this group.

5.6 Additional Fees

- (a) The fees payable to the Returning Officer are set by statute for national elections, and are paid by central government. Fees are, also, payable to the Councils' Returning Officer for local elections. These fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the Council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the Council. As Returning Officer, he/she is paid a separate allowance for each election for which he/she is responsible.

6. Pay Structure

- 6.1 The pay structure for all contractual employees, except those staff in the senior posts detailed above, is established using NJC for Local Authorities Services National Pay Spine from spinal column point 9 (£14,975 per annum) to spinal column point 58 (£54,474 per annum). The lowest paid contractual employee will be paid at spinal point 9 (£7.76 per hour), at a full time equivalent basic pay rate of £14,975 per annum. This is within Grade A of the locally agreed pay structure, which ranges from Grade A to I. Casual staff, aged 25

and over, will be paid at the National Living Wage of £7.20 per hour. Under age 25 will be paid the national minimum wage of £6.70 per hour.

Employees who have satisfactorily completed the six months probation period are currently paid £8.04 per hour (equivalent rate of £15,507 per annum).

6.2 The detailed structure is shown below:

| Band Name | Min SCP | Max SCP | Min (£) | Max (£) | Span (£) | Span (increments) |
|------------------|----------------|----------------|----------------|----------------|-----------------|--------------------------|
| A | 9 | 11 | 14,975 | 15,507 | 532 | 2 |
| B | 11 | 15 | 15,507 | 16,772 | 1265 | 4 |
| C | 15 | 22 | 16,772 | 20,456 | 3684 | 7 |
| D | 21 | 27 | 19,939 | 23,935 | 3996 | 6 |
| E | 27 | 33 | 23,935 | 29,033 | 5098 | 6 |
| F | 35 | 41 | 30,480 | 36,019 | 5539 | 6 |
| G | 41 | 47 | 36,019 | 41,551 | 5532 | 6 |
| H | 47 | 53 | 41,551 | 48,154 | 6603 | 6 |
| I | 53 | 58 | 48,154 | 54,474 | 6320 | 5 |

6.3 All posts, other than the senior posts, are evaluated using the NJC Job Evaluation Scheme, which is recognised by employers and trades unions nationally. This Scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements.

6.4 All employees receive the national NJC cost of living award. On 16 May 2016 the national pay award was agreed as part of a two year deal for the period 1 April 2016 – 30 March 2018. The two year deal was 1% increase for each year during the period (1 April 2016 and 1 April 2017).

6.5 Progression within the grade for all staff is subject to performance, which is assessed annually, in accordance with the performance review scheme, which came into effect in April 2014.

6.6 There is no 'time served' progression at either Council.

7. Pay Protection

7.1 Pay protection is applied to employees who are placed in a grade, through restructuring or a re-evaluation of a post, where the maximum salary of that grade is lower than their current earnings, in accordance with the Organisational Change and Redundancy Policies current at the time. Pay is protected for one year. Employees' pay is frozen at this rate, (with no cost of living or incremental increase) for up to one year, or until the maximum of the new grade has caught up or overtaken the current earnings due to annual pay increases.

Note: Pay protection excludes market supplement pay, essential user travel allowance, overtime allowances: it applies to basic pay only. These items are not protected.

8. Allowances and Benefits in Kind

8.1 Allowances and benefits typically follow nationally agreed rates. However, there are a number of locally agreed allowances which are payable following the collective agreement. Some are subject to eligibility criteria, as follows:

- Essential car user allowance at nationally prescribed lump sum and HMRC mileage rates, and
- Access to a lease car or a lease car scheme, both under strict eligibility criteria and where favourable to the Council
- Casual user mileage allowance at HMRC rates.
- First Aid (an allowance paid to staff to act as First Aiders in the workplace).
- Reimbursement of one professional subscription fee if beneficial to the performance of the role.

9. Payments/Charges and Contributions

9.1 The new Local Government Pension Scheme (LGPS) was implemented with effect from 1 April 2014.

9.2 The new LGPS is a 'CARE' (career average revalued earnings) scheme rather than a Final Salary Pension Scheme.

9.3 All staff who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table:

| Local Government Pension Scheme – contribution bands with effect from 1 April 2011 Band | Salary Range | Contribution rate |
|---|---------------------|--------------------------|
| 1 | Up to -£13,600 | 5.5% |
| 2 | 13,601-£21,200 | 5.8% |
| 3 | £21,201-£34,400 | 6.5% |
| 4 | £34,401-£43,500 | 6.8% |
| 5 | £43,501-£60,700 | 8.5% |
| 6 | £60,701-£86,000 | 9.9% |
| 7 | £86,001-£101,200 | 10.5% |
| 8 | £101,201-£151,800 | 11.4% |

9.2 The Council makes employer's contributions into the scheme, which are reviewed every three years by the actuary. The current rate being paid is 25.7% for St Edmundsbury and 27% for Forest Heath.

This rate includes pension liabilities that have accrued over time as well as contingency for the future, rather than on the current workforce only. There are, also, on occasions, lump sum payments made into the pension scheme, as agreed with the actuary, to ensure the Suffolk LGPS is funded adequately.

- 9.3 All West Suffolk councils staff, who park at work at the offices at West Suffolk House, Bury St Edmunds, pay car parking charges, currently 80p per day.

10. Multipliers

- 10.1 The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner was recommended in order to support the principles of Fair Pay (The Hutton Review of Fair Pay in the Public Sector 2011), and transparency.
- 10.2 The single pay and reward strategy was based on modelling the joint workforce onto the new payline. In addition, the Chief Officers and staff are in shared, joint roles. The data, therefore, reflects the joint workforce and, as such, is the same for both Councils. The Councils current ratio in respect of the pay of the median earner compared to the pay of the highest earner is 4.7:1 ie. the Chief Executive (top earner) earns 4.7 times as much as the Councils' median earner (£23,698 per annum).
- 10.3 The median salary has slightly increased due to pay progression and the national pay award. This compares with the median for Local Government nationally of £25,520 per annum.
- 10.3 These multipliers are monitored each year within the Pay Policy Statement. The ratio has decreased slightly (from 4.8:1) which is positive.
- 10.4 The ratio of the Councils' current highest paid employee (April 2016) to the lowest paid employee is 7.1:1.

The Hutton Review recommended that the average pay ratio between the chief executive of most public sector organisations and the lowest paid member of staff is below 12:1. By comparison, the average estimated top-to-bottom pay ratio in FTSE 100 companies (which disclosed data) was 262:1 in 2011 (source One Society – most recent data available).

We, therefore, compare very favourably to these statistics, although Hutton warned against the difficulty of making direct comparisons between authorities.

- 10.5 These figures do not reflect the actual basic salary cost to each Council, as for example, the Chief Officers' salaries are shared between the two councils.

11. Discretionary Payments

The policy for the award of any discretionary payments is the same for all staff, regardless of their pay level, up to a maximum of 104 weeks the following arrangements apply:

11.1 'Redundancy payments under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.'

As of 1 April 2015, this provides an overall lump sum of 1.5 times the statutory redundancy payment multiplier based on actual weeks pay. This is payable to employees made redundant with two or more years local government service regardless of their age.

11.2 Severance payments under regulation 6.

Severance payments with a value above £100,000 will be approved by Full Council, in accordance with guidance from the Secretary of State under Section 40 of the Localism Act 2011. Contractual and pension entitlements are not included in this figure as part of a severance payment requiring such approval.

No severance payments are routinely made, but employees aged 55 and over, who are retiring early in the interests of efficiency, receive immediate payment of their pension benefits, with no additional years service or compensatory payments. This forms part of the rules of the LGPS and in accordance with the Pensions Discretions Policy. The capital cost of the early payment of pension benefits will be met by the Council, but all such early retirements are subject to the costs being met by savings within a three-year period.

11.3 Additional membership for revision purposes under regulation 12 of the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007.

None awarded.

11.4 Additional pension under regulation 13 of same legislation.

None awarded.

12. Decision Making

12.1 Decisions on remuneration are made as follows:-

- (a) Senior pay bands local level approved by Full Council;
- (b) Pay structure for all other posts approved by Full Council;

- (c) Performance progression, in accordance with the locally agreed scheme, and as approved by officers under existing delegated powers.

13. Disclosure

13.1 This Pay Policy Statement will be published on the Council's website. In addition, numbers and details of posts paid above £50,000 are disclosed on the council's website in the annual Statement of Accounts and as part of the requirements of the Transparency Code.

For further information please contact:-

Karen Points
Head of Human Resources, Legal & Democratic Services
April 2016

Comparison Data

| 2015/16 or most recent information available | Ratio to median | Ratio to Lowest paid employee |
|--|-----------------|-------------------------------|
| Ipswich | 4.7:1 | 5:1 |
| West Suffolk | 4.8:1 | 7.1:1 |
| East Suffolk | 5.89:1 | 10.3:1 |
| Suffolk County Council | 6:1 | 9.7:1 |
| Breckland | Not published | 10:1 |
| East Cambs | Not published | 8:1 |