

**Meeting: COUNCIL**

**Agenda Item:**

**12**

Portfolio Area: Resources

**Date: 11 JULY 2017**

## **PAY POLICY STATEMENT**

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### **1. PURPOSE**

- 1.1 To approve the Council's amended Pay Policy Statement for the financial year 2017/18, which has been revised following recruitment to the vacant Assistant Director posts arising from the 2016/17 Senior Management Review.

### **2. RECOMMENDATIONS**

- 2.1 That the Pay Policy Statement set out in accordance with the Localism Act, 2011 and the Data Transparency Code 2015, as attached at Appendix 1 to this report, be approved.
- 2.2 That the Pay Policy Statement be placed on the Council's website and that a notice of it be published in the next edition of Chronicle.

### **3. BACKGROUND AND REASONS FOR RECOMMENDED COURSE OF ACTION**

- 3.1 The Localism Act requires local authorities to adopt annually a statutory Pay Policy Statement which must then be published (in addition to placing it on the Council's website) 'to help local people understand how public money is being spent in their area and to hold the Town Hall to account'. The first of these Pay Policy Statements was approved on 29 February 2012.
- 3.2 The Pay Policy Statement must include its policies on the following matters:-
- the remuneration of its Chief Officers
  - the level and elements of remuneration for each Chief Officer,
  - the remuneration of Chief Officers on recruitment
  - increases and additions to remuneration for each Chief Officer
  - the use of performance related pay
  - the use of bonuses for Chief Officers

- the approach to the payment of Chief Officers on their ceasing to hold office
- 3.3 'Remuneration' of Chief Officers includes pay and terms and conditions which may apply in the future and to Chief Officer appointments which may be made in the future.
- 3.4 The Statement may also set out policies relating to other terms and conditions relating of Chief Officers.
- 3.5 The Statement must also set out:
- The relationship between the remuneration of its Chief Officers and that of its employees who are not Chief Officers.
  - The Authority's definition of its 'lowest paid employees' for these purposes and the reasons for this definition and
  - The remuneration of its 'lowest paid employees'
- 3.6 For clarity, 'Chief Officer' includes the Head of Paid Service (the Chief Executive) the Chief Finance Officer (Assistant Director of Finance and Estates) the Monitoring Officer (Borough Solicitor), non statutory Chief Officers (the Strategic Directors) and Deputy Chief Officers (Assistant Directors).
- 3.7 In developing its Pay Policy Statement the Council must take into account relevant guidance issued or approved by the Secretary of State, specifically the guidance "Openness and Accountability in Local Pay", first published in February 2012 and updated in Supplementary Guidance published in February 2013.
- 3.8 The Act itself does not require local authorities to publish specific salary details in the Pay Policy Statement. However, the Accounts and Audit (England) Regulations 2011 and the Data Transparency Code 2015 also require the publication in the accounts of salary bands and the salaries of Chief Officers. Salary bands for these posts have therefore been included in the Pay Policy Statement as suggested in the guidance.
- 3.9 The guidance refers extensively to the Hutton Review of Fair Pay in the Public Sector. This review comments on fairness in pay and that the salary gap between the highest and lowest paid officers has grown in recent years. Hutton suggests that the relationship between Chief Officers and other employees is explained and taken into account in remuneration decisions for all staff. This relationship he recommends can be illustrated by the publication of pay multiples – the ratio between the highest paid employee and mean average earnings.
- 3.10 The Statement therefore includes pay multiples comparing the Chief Executive's remuneration against the lowest paid employees and mean average earnings across the Council.

- 3.11 The guidance also expresses concerns that senior staff moving posts within the public sector could be seen as driving up average pay levels, particularly where the sector as a whole may be paying twice through a pension and subsequently a new salary. As a closely related issue “Authorities should use their Pay Policy Statement to explain their policies towards re-engaging Chief Officers who have received severance or redundancy payments from that authority”. Although it is not envisaged that any such appointments will be made the Council has adopted a policy which relates to all Council Officers, including Chief Officers, and states that “Any employee who takes voluntary redundancy will not be permitted to return to the employment of Stevenage Borough Council, either as a permanent or fixed term employee, for a minimum period of 12 months following the date of their redundancy”.
- 3.12 The Pay Policy Statement takes account of the statutory guidance issued under the Localism Act (in February 2013) on pay policies relating to appointments and severance packages of £100,000 or above.
- 3.13 However, the new Public Sector Exit Payment Regulations (not in force at the time of production of the 2017/18 Pay Policy Statement but expected to be enacted during 2017/18) will place new restrictions on public sector exit payments (capping such payments at a maximum of £95,000), as well as requiring the recovery of exit payments made to public sector employees where the employee earns £80,000 or more and where they return to any part of the public sector within 12 months.
- 3.14 When these Regulations come into effect the Council’s Pay Policy Statement and Redundancy Policy will require review and amendment in line with the reforms.

#### **4 EQUALITIES AND DIVERSITY IMPLICATIONS**

- 4.1 The Council has a legal obligation to comply with the Equality Act 2010 in respect of equal pay for equal work, for men and women. The Council therefore implemented Single Status with effect from 1 July 2014 in order to ensure compliance.

#### **APPENDICES**

- **Appendix 1 - Stevenage Borough Council Pay Policy Statement 2017/18**

## APPENDIX 1 – PAY POLICY STATEMENT FOR STEVENAGE BOROUGH COUNCIL

This Pay Policy Statement is made in accordance with Chapter 8 of the Localism Act 2011.

This Statement shall apply from 1 April 2017 to 31 March 2018 subject to any amendment agreed by Council during the course of the year.

Chief Officers and Deputy Chief Officers shall be paid according to the following bands.

### Remuneration bands of senior Officers are set out here:

Head of Paid Service/Chief Executive	£100,705-£117,038 ( <i>excluding election payments</i> )
Deputy Chief Executive	£84,227-£97,883 (Strategic Directors pay band plus 10%)
Strategic Directors	£76,565-£88,984
Monitoring Officer/Borough Solicitor	£61,911-£71,144 (Head of Service plus £5,000)
Assistant Director Finance (Section 151 Officer)	£68,579-£78,893 (Assistant Director plus £5,000)
Assistant Directors	£63,579-£73,893

Lowest Paid Employees* with effect from 1 April 2017	£16,302
Mean Average Basic Earnings	£29,474

\* Excludes apprentices

### Notes:

1. “Lowest Paid Employee” relates to the full-time salary for employees on the lowest grade, (excluding apprentices).
2. With effect from 1 January 2014 the Council commenced paying the Living Wage to all employees, excluding apprentices. SBC updates the Living Wage on 1 April each year. With effect from 1 April 2017 this will be £16,302.
3. Any employee, up to and including those on Grade 6, is eligible for an overtime payment at an enhanced rate of +0.33 of their basic salary for any overtime hours worked Monday to Saturday and +1.00 for any overtime hours worked on a Sunday, (enhanced hourly rates are paid on additional hours worked over 37 per week).

Employees at or below Grade 6 that are required to undertake non-standard working are entitled to non-standard working enhancements. In addition to their normal salary those employees at or below grade 6, who are required as part of

their contracted hours to work on a Saturday, or for longer than four consecutive hours between 10.00pm and 7.00am, receive a shift enhancement of +0.33 of their basic salary for those hours, and employees at or below grade 6 who are required to work on a Sunday as part of their contracted hours receive a shift enhancement of +1.00 of their basic salary. This rate of enhancement also applies to any hours worked on a public holiday.

4. The pay of the Chief Executive (excluding payments for elections) is currently 6.93 times the pay of the lowest paid worker and this ratio is not expected to change significantly. The pay of the Chief Executive is currently 3.83 times the pay of mean average earnings.
5. Chief Officers (except the Monitoring Officer and the Chief Finance Officer) are paid an allowance of £24.95 per month for expenses but otherwise no bonuses, performance related pay or other forms of additional remuneration are paid to Chief Officers or Deputy Chief Officers.
6. The pay of Chief Officers and Deputy Chief Officers is based on job evaluation undertaken through the Inbucon scheme.
7. The terms and conditions of Chief Officers and Deputy Chief Officers are set in accordance with the JNC.
8. In the vast majority of circumstances the provisions of this Pay Policy Statement will enable the Council to recruit effectively to vacant posts and Chief Officers and Deputy Chief Officers, including any new appointments at this level, will be made in accordance with the pay scales set out above.
9. However, there may be exceptional circumstances where there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This Pay Policy Statement recognises that this situation may arise in exceptional circumstances and therefore a departure from the policy can be implemented by applying a market supplement not exceeding £7,000 per annum without having to seek Full Council approval. Such a supplement will be expressly justified in each case and will be approved through an appropriate authority making decision route.
10. Many of the Chief Officers, Deputy Chief Officers and other employees receive a payment for attending and performing certain duties at elections. These payments are set in line with guidance produced for each election.
11. Salary packages amounting to £100,000 or more for new appointments will be approved by Council.
12. Salary increments are paid annually by default for all employees of the Council up to the top of the pay grade.

13. All employees including Chief Officers and Deputy Chief Officers are entitled to redundancy payments based on the same multiple of 2.5 times statutory provision and based on actual weekly pay.
14. Any redundancy or severance packages of £100,000 or more will be approved by Full Council.
15. All employees including Chief Officers and Deputy Chief Officers are entitled to retirement pensions calculated in the same way under the Local Government Pension Scheme (Administration) Regulations 2008, Regulations 2014 and the Council Pension Discretion Policy. These Regulations require the Council to publish its policy on increasing an employee's total pension and on awarding additional pension.<sup>1</sup>
16. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 require the Council to formulate, review and publish its policy on making discretionary payments on early termination of employment.
17. The terms and payment of terminating the employment of any Officer of the Council in any contentious circumstances which do not result from an award made by an Employment Tribunal or Court are settled by the Council on the basis of the legal merits of the case, the time and disruption which protracted litigation would involve, any limit of statutory entitlement on monetary claim available to an employee and what is considered prudent in all the circumstances.
18. Staff formerly employed by Stevenage Homes Limited and who transferred through TUPE to the employment of Stevenage Borough Council on 1 December 2011 are entitled to an additional Life Assurance provision with payment of one times annual salary on death if they have not made any voluntary changes to their employment since the TUPE.
19. Under the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999, an employee who takes up employment with a body covered by the Modification Order within four weeks after the date of their redundancy (whether voluntary or compulsory) will lose entitlement to a redundancy payment.

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<sup>1</sup> Stevenage Borough Council Executive minutes dated 28 March 2007, Section 5 refers.