

**Meeting:** COUNCIL

**Agenda Item:** **16**

Portfolio Area: Resources

**Date:** 29 FEBRUARY 2012

## **PAY POLICY STATEMENT**

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### **1 PURPOSE**

1.1 To approve the pay policy statement for the financial year 2012/13.

### **2 RECOMMENDATIONS**

2.1 That the Pay Policy Statement set out in accordance with the Localism Act, 2011 as Appendix One to this report be approved.

2.2 That the pay policy is placed on the Council's web site and that a notice of the policy is 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 must be prepared and approved before 31<sup>st</sup> March 2012.

3.2 No remuneration may be made to officers which falls outside the Pay Policy Statement although it will be possible for a full Council meeting to amend the Statement at any time.

3.3 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
- 3.4 '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.
- 3.5 The Statement may also set out policies relating to other terms and conditions relating of Chief Officers.
- 3.6 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'
- 3.7 For clarity, 'Chief Officer' includes the Head of Paid Service (the Chief Executive) the Chief Finance Officer (Strategic Director (Resources) the Monitoring Officer (Borough Solicitor), non statutory chief officers (the Strategic Directors) and deputy chief officers (Heads of Service).
- 3.8 In approving its pay policy statement the Council must have regard to any guidance issued or approved by the Secretary of State. He has issued guidance 'Openness and accountability in local pay' but, so far, only in draft. As a result the Council is not bound to follow the guidance nor probably, as it is currently in draft, to take it into account in approving the Statement.
  - 3.8.1 According to the draft guidance the Act does not 'seek to determine what decisions on pay should be taken or what policies ...authorities should have in place. Rather, (it) require(s) that authorities are more open about their own local policies and how local decisions are made.' Nevertheless, it goes on to say that full council should be offered the opportunity to vote on large salary packages, 'large' in the opinion of the Secretary of State being £100,000 or more.
  - 3.8.2 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 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 draft Guidance.
  - 3.8.3 The draft 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.

- 3.8.4 The draft Statement therefore includes pay multiples comparing the Chief Executive's remuneration against the lowest paid employees and mean average earnings across the Council.
- 3.8.5 The draft Guidance refers to Hutton's recommendation on some form of performance related pay for senior staff. It is not proposed that the Council should adopt performance related pay. Because the operation of performance related pay scheme is difficult and time consuming to operate generally and particularly to administer in a fair, consistent and transparent way.
- 3.8.6 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 is paying twice through a salary and a pension. As a closely related issue 'Authorities should use their Pay Policy Statement to explain their policies towards reengaging chief officers who have received severance or redundancy payments from that authority'. Although it is not envisaged that any such appointments will be made it is considered that adopting a policy prohibiting such appointments would be too restrictive particularly where posts need to be filled on an urgent or temporary basis.

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

- 4.1 For information on equalities and pay, the Council has published a 'Report on Equalities and Diversity at Stevenage Borough Council' in accordance with the provisions of the Equalities Act, 2010.

#### **BACKGROUND DOCUMENTS**

- Council reports as above

#### **APPENDICES**

- Appendix One - Stevenage Borough Council Pay Policy Statement 2012/3

## 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 policy shall apply from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 subject to amendment by the Full Council.

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 (incl. elections)	£102,788 to £118,799 (includes Returning Officer pay of £4,067)
Deputy Chief Executive	£80,942 to £94,073 (Strategic Directors pay band plus 10%)
Strategic Directors	£73,584 to £85,521
Monitoring Officer/ Borough Solicitor	£56,696 to £65,570 (HoS 1 plus £2,000 p.a.)
Assistant Directors	£61,104 to £71,016
Stevenage Homes Directors (TUPE protection applies)	£72,000 to £72,616
Heads of Service 1 -	£54,696 to £63,570
Heads of Service 2	£52,338 to £57,852

Lowest Paid Employees	£12,312
'Mean Average Earnings'	£28,164

### Notes:

1. 'Lowest Paid Employee' means the employees on the lowest grade assuming that the posts are full time. No bonuses or other forms of additional remuneration are paid for these posts.
2. The pay of the Chief Executive (including payments for elections) is currently 9.65 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 4.22 times the pay of mean average earnings.
3. Chief Officers (except the Monitoring 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.
4. 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 typically between £28 and £1,846.

5. Salary increments are paid annually by default for all employees of the Council up to the top of the pay grade

6. The pay of Chief Officers and Deputy Chief Officers is based on job evaluations undertaken through the Inbucon scheme.

7. The terms and conditions of Chief Officers and Deputy Chief Officers is set in accordance with the JNC. The terms and conditions of other staff are set through NJC or crafts and trades (Red Book).

8. Two Directors of Stevenage Homes Limited have been transferred to the Council under Transfer of Undertakings (Protection of Employment) Regulations. The TUPE regulations have the effect of preserving their pay and terms and conditions from their Stevenage Homes Limited employment.

9. 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.

10 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.

11. 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. These Regulations require the Council to publish its policy on increasing an employee's total pension and on awarding additional pension<sup>1</sup>

12. 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<sup>2</sup>

13. 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.

14. 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.

15. An employee who is made redundant or paid a severance payment must have a break of at least four weeks to break their continuous service with the authority before they can be re-employed by the council in a different position.

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

<sup>2</sup> Managing Organisational Change Policy refers, Reviewed 2010