



St Edmundsbury
BOROUGH COUNCIL

C319

Cabinet 1 February 2012

Pay Policy Statement 2012/2013 (Feb12/10)

1. Summary and Reasons for Recommendation

- 1.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for 2012/2013 by 31 March 2012 and for each financial year thereafter.
- 1.2 The Pay Policy Statement being recommended for adoption is attached at Appendix A. Forest Heath District Council (FHDC) will be adopting this same format and it is anticipated that a single Pay Policy will be produced for both Councils from 2013/2014.

2. Recommendation

- 2.1 Cabinet is asked to approve the Pay Policy Statement for 2012/2013, attached as Appendix A to Report C319, for consideration by Council on 28 February 2012.

3. Corporate Objectives

- 3.1 The recommendation meets the following, as contained within the Corporate Plan:-
- 'To raise corporate standards and efficiency.'*
- 3.2 This Policy Statement recognises and underpins the values of openness and transparency, which are contained in the Council's draft Corporate Plan which is currently being finalised for consideration by Cabinet on 28 March 2012.

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4. Key Issues

- 4.1 The Localism Act and supporting 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 must be approved formally by full Council by the end of March each year. The Statement can be amended in year, must be published on the Borough Council's website and must be complied with when setting the terms and conditions of Chief Officer employees.
- 4.2 This Pay Policy Statement includes a policy on:-
- (a) the level and elements of remuneration for each Chief Officer;
 - (b) the remuneration of the lowest paid employees;
 - (c) the relationship between the remuneration of Chief Officers and other officers; and
 - (d) other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.
- 4.3 The requirement for a pay policy statement comes at a transitional period for the Borough Council. The agreement to share services with Forest Heath District Council includes moving to a joint officer structure throughout both Councils. Arrangements are in hand for the appointment of a Joint Chief Executive Officer, and a shared senior management structure will follow. It has also been agreed that both Councils will move to a common single pay and reward structure. This Pay Policy Statement reflects the current transitional position and will be reviewed as work on a single pay structure develops.
- 4.4 The Code of Practice for Local Authorities on Data Transparency provides guidance on good practice in this area. The Borough Council's approach to data transparency will be to establish the Borough Council as an open and transparent Council that, in time, not only embraces the principles of the Code but publishes all information that is likely to be of benefit to the communities and economy of our area.
- 4.5 Data can already be accessed through the "open data" link on the Borough Council's website. The Pay Policy Statement will be published in that section, which will be expanded over time.

5. Other Options considered

- 5.1 To limit the information disclosed to the statutory minimum.

6. Community impact *(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)*

6.1 General

- 6.1.1 This approach will enable communities and citizens to easily access information about remuneration, which will be helpful in building trust and confidence in data handling and transparency.

6.2 Diversity and Equality Impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 The publication of the Pay Policy Statement will support the Borough Council to deliver its equality duty, in particular, its duty to publish workforce data.

7. Sustainability Impact <i>(including environmental or social impact on the local area or beyond the Borough)</i>																				
7.1 Not appropriate.																				
8. Consultation																				
8.1 There is no formal requirement to consult but the policy has been shared with Unison, the recognised trade union, who have supported the approach.																				
9. Resource implications <i>(including asset management implications)</i>																				
9.1 The Pay Policy Statement has been produced within existing resources.																				
10. Risk Assessment <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>																				
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<table border="1"> <thead> <tr> <th>Risk area</th> <th>Inherent level of Risk (before controls)</th> <th>Controls</th> <th>Residual Risk (after controls)</th> </tr> </thead> <tbody> <tr> <td></td> <td>High/Medium/Low</td> <td></td> <td>High/Medium/Low</td> </tr> <tr> <td>Legal risk of non compliance.</td> <td>M</td> <td>Formal approval by Council before 31 March 2012.</td> <td>L</td> </tr> <tr> <td>Transparency/reputational risk.</td> <td>M</td> <td>Formal approval as above and annual reviews.</td> <td>L</td> </tr> <tr> <td>Unfair application to all staff of pay policy.</td> <td>L</td> <td>Human Resources involvement to ensure policy applied equally.</td> <td>L</td> </tr> </tbody> </table>	Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)		High/Medium/Low		High/Medium/Low	Legal risk of non compliance.	M	Formal approval by Council before 31 March 2012.	L	Transparency/reputational risk.	M	Formal approval as above and annual reviews.	L	Unfair application to all staff of pay policy.	L	Human Resources involvement to ensure policy applied equally.	L
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11. Legal or policy implications
11.1 This policy is a statutory requirement.

Wards affected	All	Portfolio Holder	Performance and Resources
Background Papers		Subject Area	Support Services

Pay Policy Statement 2012/2013

1. Introduction

- 1.1 St Edmundsbury 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 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 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 Council's 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 Council is to retain its current high performance levels at a time when it will also be integrating all of its services with its neighbouring District Council, Forest Heath District Council (FHDC). The next period will be a particularly complex and challenging time for senior leaders and staff.

2. Legislation

- 2.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for 2012/2013 and for each financial year thereafter.
- 2.2 This document comprises that Pay Policy Statement being recommended for adoption. FHDC will be following this same format and a single Pay Policy will be produced for both Councils from 2013/2014.
- 2.3 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 must be approved formally by full Council by the end of March each year, can be amended in year, must be published on the Council's website and must be complied with when setting the terms and conditions of Chief Officer employees.

3. Context

- 3.1 The requirement for statutory pay policy comes at a transitional period for the Council and FHDC. Our agreement to share services includes moving to a joint officer structure throughout both Councils. Arrangements are in hand for the appointment of a Joint Chief Executive Officer and a shared senior management structure will follow. It has also been agreed that both Councils will move to a common single pay and reward structure. This Pay Policy Statement reflects the current transitional position and will be reviewed as work on a single pay structure develops.

4. Scope

4.1 This Pay Policy Statement includes a policy on:-

- (a) the level and elements of remuneration for each Chief Officer;
- (b) the remuneration of the lowest paid employees;
- (c) the relationship between the remuneration of Chief Officers and other officers; and
- (d) other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.

4.2 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.

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 Officer, 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 Corporate Directors, 9 x Heads of Service.

5.3 The management structure of the organisation can be found at <http://www.stedmundsbury.gov.uk/sebc/live/pdf/demserv/constitution/Part7ManagementStructure.pdf>

5.4 The policy for each group is as follows:-

5.5 Chief Executive Officer

(a) We are moving to a Joint Chief Executive with FHDC during 2012/2013. The salary for this joint post has been established as a fixed salary point within the range £105k to £115k. This is a local grade established following an analysis of the degree of responsibility in the role, the current downward movement in market rates, benchmarking with other comparators and the ability to recruit and retain an exceptional candidate. This salary level is less than that of the existing Borough Council's Chief Executive Post. Details of the comparative information used to inform this level of pay are attached at Appendix I.

(b) This salary was approved by each authority's full Council. There are no additional bonus, performance, honoraria or ex gratia payments.

(c) Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives national conditions.

5.6 Corporate Directors and Heads of Service

(a) The salary for these posts are within the national pay scales prescribed by the NJC for Local Authority Services. The posts are evaluated using the approved national Job Evaluation Scheme and are currently within the following ranges:-

Directors:	Spinal point 66 to 76	£65,240 to £83,095
Heads of Service:	Spinal point 59 to 68	£53,561 to £68,396

- (b) Use of this scheme ensures that the relative “weight” of these roles can be objectively measured using consistent and robust criteria.
- (c) There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments, etc., paid to these senior staff, as they are expected to undertake duties outside their contractual hours and working patterns without additional payment.
- (d) Other terms and conditions are as prescribed by the NJC for Local authority Services.

5.7 Additional fees

- (a) Special fees are paid for Returning Officer duties which are not part of the post holder’s substantive role. 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 Borough Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the Borough 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 Borough 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 employees except the Chief Executive Officer is established using NJC for Local Authorities Services National Pay Spine. The lowest paid employee is currently paid at spinal point 5 at a full time equivalent basic pay rate of £12,312 per annum. This is within grade one of the locally agreed pay structure which ranges from grade 1 to 13.
- 6.2 All posts except that of the Chief Executive 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.
- 6.3 Progression within the grade for all staff is subject to satisfactory performance which is assessed annually in accordance with the agreed local scheme for all staff. This provides for the following adjustment within the prescribed grade:-
 - + 2 increments if overall performance is excellent;
 - +1 increment if overall performance is good;
 - No progression if overall performance is solid; or
 - 1 increment if overall performance is poor.

7. Allowances and benefits in kind

- 7.1 Allowances and benefits typically follow nationally agreed rates. However, there are a small number of locally agreed allowances (as set out in the appendix) which are payable following policies and procedures agreed by the Joint Staff Panel and approved by Cabinet.
- 7.2 A list of the current range of allowances/benefits, along with details of the extent of their use, is attached at Appendix 2 .

8. Payments/charges and contributions

- 8.1 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	Range	Contribution rate
1	£0-£12,900	5.5%
2	>£12,901-£15,100	5.8%
3	>£15,101-£19,400	5.9%
4	>£19,401-£32,400	6.5%
5	>£32,401-£43,300	6.8%
6	>£43,301-£81,100	7.2%
7	More than £81,100	7.5%

- 8.2 The Council makes employer's contributions into the scheme, which are reviewed each 3 years by the actuary. The current rate is 17.7%.
- 8.3 All staff who park at work at the main offices at West Suffolk House, Bury St Edmunds pay car parking charges of 80p per day.

9. Multipliers

- 9.1 The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner has been recommended in order to support the principles of Fair Pay (Will Hutton 2011) and transparency.
- 9.2 The Council's current ratio in this respect is 4.5:1, which will reduce to 4:1 when the Joint Chief Executive appointment is made, i.e. the Chief Executive (top earner) earns 4 times more than the Council's median earner (£29k). When measured against the mean the ratio is 4.9:1 reducing to 4.5:1
- 9.3 These multipliers will be monitored each year within the Pay Policy Statement.

10. Discretionary Payments

The policy for the award of any discretionary payments is the same for all staff regardless of their pay level. The following arrangements apply:

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

This provides an overall lump sum of 2 times the statutory redundancy payment multiplier based on actual weeks pay. This is payable to employees made redundant with 2 or more years local government service regardless of their age, subject to them being eligible to join the pension scheme.

- 10.2 Severance payments under regulation 6

No severance payment but employees aged 55 and over who are retiring early in the interests of efficiency will receive immediate payment of their pension benefits with no additional years service or compensatory payments. The capital cost of the early payment of pension benefits will be met by the Council but approval is subject to the costs being met by savings within a 3 year period.

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

None awarded.

- 10.4 Additional pension under regulation 13 of same legislation.

None awarded.

11. Decision Making

- 11.1 Decisions on remuneration are made as follows:-

- (a) Chief Executive Officer local pay level approved by Full Council;
- (b) pay structure for all other posts approved by Full Council; and
- (c) performance progression in accordance with the locally agreed scheme (**add link**) and as approved by officers under existing delegated powers.

12. Disclosure

- 12.1 This Pay Policy Statement will be published on the Council's website. In addition, details of all staff paid above £58,200 are disclosed. (**Add link**)

13. Review

- 13.1 The proposal to move to a single pay and reward strategy for all posts within the integrated officer structure across Forest Heath District Council and St Edmundsbury Borough Council will require a review of this policy on or before 31 March 2013.

<u>Councils</u>	<u>Chief Executive pay</u>		<u>Population</u>
Local comparators (current)	Basic	Additions	
Suffolk County Council	£156k		719,500
Babergh/Mid Suffolk	£99k to £115k		180,600
Waveney/Coastal	£128k		241,800
Ipswich	£91 to £113k		128,300
SEBC existing	£102k to £133k		104,500
FH existing	£100k		64,300
Joint CEO (current)			
Breckland/South Holland	£122,000		215,500
Cherwell/South Northants	£125,000		229,200
East Hampshire/Havant	£125,000		229,400
Staffordshire Moorlands/High Peak	£151,000		188,000
South Oxfordshire/Vale of White Horse	£129,000		250,800
Hambleton/Richmondshire	£127,000		140,600
West Oxfordshire/Cotswold	£104,000		187,300
West Devon/South Hampshire	£115,000 including 10% enhancement		136,800
National benchmarking. (2010)			
Districts national			
Bottom 10%	£92,375		
Lower Quartile	£100,792		
Median	£109,512		
Upper Quartile	£120,000		
Top 10%	£130,372		
Mean	£110,556		
Districts East of England			
Bottom 10%	£101,640		
Lower Quartile	£107,500		
Median	£117,205		
Upper Quartile	£128,061		
Top 10%	£143,000		
Mean	£118,565		

National Conditions of Service

	Criteria	Source
Essential user annual allowance plus mileage rates	Over 2,500 work miles per year, or an identified role with emergency call out	In accordance with HMRC rates and national conditions of service
Casual car user mileage rates	Work mileage	In accordance with national conditions, proof of expenditure required
Occupational sick pay	Sickness pay dependent on service	In accordance with national conditions of service
Maternity Support leave	Nominated carer	In accordance with national conditions of service
Occupational maternity pay	Maternity pay during absence	In accordance with national conditions of service

Other Benefits

	Criteria	Number of staff *	Source	Benefit to organisation
Childcare vouchers	HMRC criteria.	9	National salary sacrifice scheme	Recruitment & retention
Cycle to work	HMRC criteria.	2	National salary sacrifice scheme	Green travel
Homeworking allowance	Homeworking within the scheme	99	Local scheme of £180 per annum (£150 of this is non-taxable)	Reduced cost of office space
Car loan	Need a car to carry out duties as identified in the Car Loan scheme	8	Local scheme	Recruitment & retention
Lease car	Designated essential user	21	Local scheme	Recruitment & retention
Working overtime/ unsocial hours		54	Local scheme lower than national rates.	Operational need
Standby and Call-out payment		19	Local scheme	Emergency service cover
Telephone rental	Staff on standby with no mobile coverage at home	2	Local scheme	Emergency service cover
Long service award	25 years service		Local scheme with a gift up to £50 in value	Recruitment & retention
Retirement award	Retiring after 20 years service		Local scheme payment of £5.35 per year of service.	Recruitment & retention
Payment of subscription to relevant professional body	Relevance of qualification to job role		Local scheme	Recruitment & retention

First aid payment	Identified and suitably qualified	33	Local scheme, £277.92 pa	Health & Safety
Exam success payment	Professional qualification gained	3	Local scheme, £100	Recruitment & retention
Counselling/occupational health/physiotherapy	Necessary support to minimize absence	Variable	Local scheme	Minimise staff absence
Disturbance allowance	Compulsory change of work base making additional travel to work	Variable	Local scheme	Recruitment & retention
Gym membership – Abbeycroft Leisure Trust	None	50	Local scheme - Total cost £1800 per year	Fitness of staff-sickness absence currently 7.2 days, this is considerably lower than the public sector average of 9.1 days
Discount on some bus and rail fares	None	Unknown	Local scheme	Green travel

* This column provides a snapshot of the number of staff claiming a particular allowance/benefit as at December 2011.

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