



Cabinet 15 May 2013

Joint Pay Policy Statement 2013/2014 (May13/03)

1. Summary and reasons for recommendation

- 1.1 Section 38/11 of the Localism Act 2011 required 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 for 2012/2013 was approved by Council on 28 February 2012. A separate policy was approved by Forest Heath District Council.
- 1.3 A separate paper on this agenda updates Members on the successful outcomes of local consultation and negotiation with Unison to move to a single pay and reward package across both Councils. Subject to approval by each Cabinet and a successful ballot of Unison members (now achieved), these new arrangements will be introduced by collective agreement across both workforces from 1 June 2013.
- 1.4 The Joint Pay Policy Statement for 2013/2014 being recommended for adoption by both Councils is attached at Appendix 1. This incorporates the outcomes of the collective agreement and establishes a modern reward framework for our integrated workforce, which reflects the current market and financial climate.
- 1.5 It is important to note that where financial information is provided, it is based on the modelling done for the new Single Pay and Reward Strategy so is indicative only at this stage. A note has been made to indicate where this is the case – denoted by footnote¹.

2. Recommendation

- 2.1 Subject to the approval of full Council, the Joint Pay Policy Statement for 2013/2014, as contained in Appendix 1 to Report D374, be approved.

¹ Based on modelling of single pay and reward strategy

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3. Corporate priorities

3.1 The recommendation meets the following, as contained within the Corporate Plan:

- (a) Corporate priority 3: *'Working together for an efficient Council'*.

4. Key issues

4.1 The 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 each year. The Statement 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 Officers.

4.2 This Pay Policy Statement includes a policy on:

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

4.3 This Pay Policy Statement is a joint statement with Forest Heath District Council which covers our integrated workforce. During the last year we have reviewed the reward policies at each Council and renegotiated a single pay and reward package across both Councils. This is a significant step in our shared services programme and means that our workforces are rewarded consistently as we restructure to integrated teams working across West Suffolk. This Pay Policy Statement incorporates the outcomes of this review and introduces a modern and responsible reward package which reflects regional market comparators.

4.4 The Code of Practice for Local Authorities on Data Transparency provides guidance on good practice in this area. The Council's approach to data transparency is to establish the 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 our 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

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 our data handling and transparency.

6.2 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

6.2.1 None.

6.3 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

6.3.1 The revised reward package has been subject to an Equality Impact Assessment, which has indicated that there is no significant detrimental impact on any protected group.

Further, the adoption of a joint Pay Policy Statement for St Edmundsbury Borough Council and Forest Heath District Councils reduce the perception of inequality between staff working on the same team but for different employers.

6.4 Sustainability impact *(including completing a Sustainability Impact Assessment)*

6.4.1 Not applicable.

6.5 Other impact *(any other impacts affecting this report)*

6.5.1 None.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

7.1 There has been full consultation with Unison on the detailed package. Whilst there is no requirement to consult on this Statement, it has been shared with Unison.

8. Financial and resource implications *(including asset management implications)*

8.1 The associated Pay and Reward Strategy has been developed within the criteria set by both Cabinets, in that it should be affordable within the parameters of the Medium Term Financial Strategy.

9. Risk/opportunity assessment (potential hazards or opportunities affecting corporate, service or project objectives)

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 Cabinet before 31 March 2013 and approval by Council May 2103.	L
Transparency/reputational risk	M	Formal approval as above, annual reviews, and transparency through website	L
Unfair application to all staff of pay policy	L	HR involvement to ensure policy implemented consistently .Monitoring of outcomes through reporting of annual workforce data.	L

10. Legal and policy implications

10.1 This policy is a statutory requirement.

11. Wards affected

11.1 All

12. Background papers

12.1 None.

13. Documents attached

13.1 Appendix 1: Joint Pay Policy Statement – 2013/2014

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Forest Heath District and St Edmundsbury Borough Council Joint Pay Policy Statement 2013/2014

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 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 During the past year we have been in a period of consultation and negotiation with Unison to agree a single pay and reward policy for all employees of both Councils. This policy reflects the outcome of those negotiations and establishes a modern package which reflects the current context.

2. Legislation

- 2.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement annually. The previous and first, Pay Policy Statements were approved by each Council last year. (SEBC February, FHDC March 2012).
- 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 should 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.
- 2.3 It has not been possible to obtain Councils' approval within the annual period because of the ongoing negotiations which have only

recently been concluded. In the circumstances, it is considered appropriate that this policy be considered by Full Council at the first opportunity following agreement with Unison on the new arrangements.

3. Scope

3.1 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.

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 CEO and the Joint 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 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 Directors, 9 x Heads of Service.

5.3 The management structure of the organisations can be found at:
http://www.forest-heath.gov.uk/downloads/file/1390/management_structure
<http://www.stedmundsbury.gov.uk/news/press-releases/upload/CorporateLeadershipTeamConsultationJuly2012StructureChart.pdf>

5.4 The policy for each group is as follows: -

5.5 **Chief Executive Officer**

- (a) 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 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. The existing market situation has been reviewed and benchmark comparators are provided at Appendix 1a. It is recommended that there is no change to the Chief Executives salary on 1 April 2013, and the next salary review should take place on 1 November 2013, at the same time as the pay reviews of the senior pay group.
- (b) 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 apart from those determined locally as detailed in this policy.
- (d) The employment costs (salary and on-costs) of the Chief Executive Officer are shared between Forest Heath District Council and St Edmundsbury Borough Council, which reduces the cost of employing a Chief Executive for each Council.

5.6 **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 national recommended job evaluation scheme for senior posts and benchmarking salary levels with comparable posts both locally and nationally. The posts are Evaluation Scheme within the following ranges and incremental points: -

Directors:	£75,000, £77,500, £80,000
Heads of Service Grade 1	£55,000, £57,500, £60,000
Heads of Service Grade 2	£60,000, £62,500, £65,000
Heads of Service Grade 3	£65,000, £67,500, £70,000

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

There are currently no Heads of Service at Grade 3.

- (b) 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.
- (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.

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 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 (£13,589 pa) to spinal column point 58 (£52,251 pa). The lowest paid employee will be paid at spinal point 9, at a full time equivalent basic pay rate of £13,589 per annum. This is within Grade A of the locally agreed pay structure which ranges from Grade A to I.
- 6.2 Employees who have completed the 6 months probation period satisfactorily will be paid as a minimum the current rate for the National Living Wage (outside London), as at 1 January 2013, (£7.45 per hour, a full time equivalent rate of £14,373 per annum.) The detailed structure is shown below:

Band Name	Min SCP	Max SCP	Min (£)	Max (£)	Span (£)	Span (Incs)	Span %	Market Data (Median)
A	9	11	13,589	14,733	1,144	2	8%	13,724
B	11	15	14,733	16,054	1,321	4	9%	15,560
C	15	22	16,054	19,621	3,507	7	22%	17,344
D	21	27	19,126	22,958	3,832	6	20%	20,100
E	27	33	22,958	27,849	4,891	6	21%	24,401
F	35	41	29,236	34,549	5,313	6	18%	30,000
G	41	47	34,549	39,855	5,306	6	15%	36,239
H	47	53	39,855	46,189	6,334	6	16%	46,528
I	53	58	46,189	52,251	6,062	5	13%	61,601

6.3 Market position

Market data has been drawn from the IDS Pay database August 2012. This provides comparators with the lower quartile, median and upper quartile for the public sector in the East of England. The IDS levels have been matched to similar sized jobs. This shows a good market fit with the median data being above the starting point and below the maximum point for each proposed grade other than for Grades H and I than the median comparator.

In addition, with specific reference to refuse workers, who form a significant proportion of the workforce at both Councils:

Type	London Borough	Other	Current Modelling
Loader	20,482	17,584	band C
Driver	25,578	20,482	band D

6.4 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.

6.5 A full Equality Impact Assessment was carried out to support the new payline which concluded that there was no discriminatory impact on any protected group.

6.6 Progression within the grade for all staff is subject to satisfactory performance, which will be assessed annually in accordance with the new local scheme, which we will seek to agree locally with Unison during 2013-14. There will be no performance related incremental progression for staff until April 2015.

7 Pay protection

7.1 Pay protection will be 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, Efficiency and Redundancy Policies current at the time. Employees' pay will be 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.

Employees placed on a protection during the current phase of shared services restructuring will be protected until March 31 2015.

Employees who are on any protection under the previous policy will retain the protection they currently have in place.

Note: Pay protection excludes market supplement pay, essential user travel allowance, overtime allowances: it applies to basic pay only.

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
- 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.

9. Payments/charges and contributions

9.1 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-£13,700	5.5%
2	>£13,701-£16,100	5.8%
3	>£16,101-£20,800	5.9%
4	>£20,801-£34,700	6.5%
5	>£34,701-£46,500	6.8%
6	>£46,501-£87,100	7.2%
7	More than £87,100	7.5%

9.2 The Council makes employer's contributions into the scheme, which are reviewed each 3 years by the actuary. The current rate is 19.7%.

9.3 All St Edmundsbury staff who park at work at the main offices at West Suffolk House, Bury St Edmunds pay car parking charges of 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 has been recommended in order to support the principles of Fair Pay (Will Hutton 2011) and transparency.

10.2 The single pay and reward strategy is based on modelling the joint workforce onto the new payline. In addition, the Chief Officers and a number of other staff are now 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 highest earner is 1:4.5, ie the Chief Executive (top earner) earns 4.5 times as much as the Councils' median earner (£22,958k¹). When measured against the mean salary, the ratio is 1:4.1.

10.3 Last year, 2012-13, the median ratio was 1:4.8 (FHDC) and 1:4.5 (SEBC), the mean remains the same at 1:4.

10.3 These multipliers are monitored each year within the Pay Policy Statement.

10.4 Information collated by the EELGA show a range of ratios between 1:6.5 – 1:11, (7 East of England Councils) with aspirations to achieve a ratio of <1:8. We, therefore, compare very favourably to these statistics, although Hutton warned against the difficulty of making direct comparisons between authorities.

¹ Based on modelling the current joint workforce onto the new payline

- 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. 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.'

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.

- 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 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. 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 3-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 local 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 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 websites:

http://www.forest-heath.gov.uk/downloads/file/1564/2010-11_officers_remuneration-statement_of_accounts_extract%20-%2018k

http://www.stedmundsbury.gov.uk/council_and_democracy/your_council/open-data.cfm

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Appendix 1A

<u>East of England District/Borough Councils</u>	<u>Min Salary</u>	<u>Max Salary</u>
District/Borough Council	74,541	99,541
District/Borough Council	91,678	97,279
District/Borough Council	104,986	104,986
District/Borough Council	105,000	115,000
District/Borough Council	105,508	121,072
District/Borough Council	114,215	114,215
District/Borough Council	116,000	120,000
District/Borough Council	118,891	129,699
District/Borough Council	128,061	128,061

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