

West Suffolk Councils

Joint Pay Policy Statement 2019/2020

1. Introduction

- 1.1 We 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. Our ability to continue to attract and retain high calibre leaders, capable of delivering this complex agenda, particularly during times of financial challenge, remains crucial if we 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.

2. Legislation

- 2.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement annually. This pay statement must be prepared and approved for the end of the 31 March immediately preceding the financial year to which it relates. The data in this report therefore represents the period 1 April 2018 to 31 March 2019.
- 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 The National Minimum Wage applies for those aged 21 to 24 at £7.38 per hour with effect from 1 April 2018 (18-20) £5.90; Under 18 £4.20 and Apprentice rate for first year - £3.70)
- 2.5 The National Living Wage applies for those aged 25 and over at £7.83, with effect from 1 April 2018.

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, based on

Leadership Team pay correlating to the CE 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 Assistant Directors.

5.2 The Council currently has the following number of posts at this level, 1 x Chief Executive, 2 x Directors, 6 x Assistant Directors.

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. This is a local grade, 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. Following the uplift of the cost of living rises, as applied to all other employees, the range is £112,773 - £123,513.

(b) The current salary (as at 1 April 2018) of the Chief Executive, is at the top point of the band (£123,513). 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 in correlation to the CEO, using the LGA national recommended job evaluation scheme for senior posts.

APPENDIX 1

The posts fall within the following ranges and incremental points:-

| Chief Officer Role | £ | £ | £ |
|---------------------|--------|--------|--------|
| Director | 80,552 | 83,237 | 85,923 |
| Head of Service HS3 | 69,812 | 72,498 | 75,182 |
| Head of Service HS2 | 64,442 | 67,127 | 69,812 |
| Head of Service HS1 | 59,071 | 61,757 | 64,442 |

The current Assistant Directors are all paid within band HS3 £69812 - £75182 p.a. HS1 and HS2 were historically grades set prior to the last Leadership Team restructure in 2014 which reduced nine Assistant Directors to the current six.

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 Assistant Directors 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. Marketing testing and data analysis on labour market rates for salaries will be independently obtained from the LGA as required in order to ensure salaries are competitive at this level and this has led to a new pay model effective from 1 April 2019.
- (f) Whilst recruitment to recent Assistant Director and Service Manager posts have been successful, starting salaries, whilst within the current pay bands, have had to be reflect the shortage of potential applicants and the demand to attract the right calibre of candidates.

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 (£16,755 per annum) to spinal column point 58 (£56,119 per annum). The lowest paid contractual employee will be paid at spinal point 9 (£8.68 per hour), at a full time equivalent basic pay rate of £16,755 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 £7.83 per hour. Under age 25 will be paid the national minimum wage of £7.38.
- 6.2 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.
- 6.3 All employees, under NJC terms and conditions, receive the national NJC cost of living award. The value of the scale points in these pay grades are up lifted by the pay awards notified from time to time by the National Joint Council for Local Government Services. The National Employers made a pay offer covering the period 1 April 2018 to 31 March 2020 of 2% a year with those on lower salaries receiving higher increases. The National Employers have also recommended changes to the national pay spine to address the compacting of differentials at the lower end of the spine, which are to be implemented on 1 April 2019 together with a new West Suffolk Council pay model.
- 6.4 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. The first performance assessment progression payments were effective from 1 October 2014.
- 6.5 There is no 'time served' progression at either Council.

7. Gender Pay Gap

- 7.1 By 1 April 2018 public, private and voluntary sector organisations with 250 or more employees were required to report on their gender pay gaps.
- 7.2 In 2016 the national gender pay gap for full time employees was 9.4%, meaning that average pay for full time female employees was 9.4% lower than for full time male employees.
- 7.3 Our combined mean gender pay gap for the period April 2016 - March 2017 was -1.00%, showing that the average hourly rate of females was 1.00% higher than the average hourly rate of males. The median gender pay gap was -10.22%.
- 7.4 For the period April 2017 - March 2018 our combined mean gender pay gap was -0.5%, showing that the average hourly rate of females was 0.5% more than the average hourly rate of males and the median gap. The median gender pay gap is zero, meaning there is no difference between males and females.

8. Pay Protection

- 8.1 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.

9. Allowances and Benefits in Kind

- 9.1 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.

10. Payments/Charges and Contributions

- 10.1 The new Local Government Pension Scheme (LGPS) was implemented with effect from 1 April 2014.
- 10.2 The new LGPS is a 'CARE' (career average revalued earnings) scheme rather than a Final Salary Pension Scheme.

11. Multipliers

- 11.1 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.
- 11.2 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 5:1 ie the Chief Executive (top earner) earns 5 times as much as the Councils' median earner (£24,657 per annum).
- 11.3 The median salary ratio has remained the same since last year.
- 11.4 The ratio of the Councils' current highest paid employee (April 2018) to the lowest paid employee is 7.4:1. Compared with last year, (2017) which was 7.8:1, the ratio has decreased due to the commitment of the NJC pay award uplifting lower salaries.

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.

12. 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:

- 12.1 '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.

- 12.2 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.

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

None awarded.

- 12.4 Additional pension under regulation 13 of same legislation.

None awarded.

13. Decision Making

- 13.1 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.

14. Disclosure

- 14.1 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:-

Wendy Canham
Service Manager HR & OD
January 2019

Comparison Data

| Most recent available information | Ratio to median | Ratio to Lowest paid employee |
|-----------------------------------|-----------------------------------------------------------------|-----------------------------------------|
| Ipswich | 4.4:1 | 6.1:1 |
| West Suffolk | 5:1 | 7.4:1 |
| Suffolk Coastal Waveney | 5.03:1 5.17:1 | 8.26:1 7.92:1 |
| Suffolk County Council | 6.8:1 | 10:1 |
| Breckland | Not disclosed | Within 10:1 actual figure not disclosed |
| East Cambs | Not disclosed | 8.25:1 average |
| Babergh/Mid Suffolk | Actual figure not disclosed but commit that no greater than 8:1 | Not disclosed |