



# **Pay Policy Statement 2012 - 2013**

## **Introduction and Purpose**

Under section 112 of the Local Government Act 1972, Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out Stafford Borough Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees in line with Chapter 8 of the Localism Act 2011 and the provisions of the draft guidance issued under S40 (i.e. ‘Openness and accountability in local pay’) by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- those responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

## **Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes:

- The Equality Act 2010
- The Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000
- The Agency Workers Regulations 2010, and where relevant
- The Transfer of Undertakings (Protection of Employment) Regulations.

With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified.

## **Pay Structure**

The Council concluded its negotiations toward a Single Status Agreement during 2010. The details of the Agreement covering all employees within the scope of the National Joint Council for Local Government Services (known as the “Green book”) were considered and agreed at Council on 28 September 2010. The Agreement to not introduce structural changes to existing pay

levels gained the overwhelming support of Council, employees and trade unions who accepted that following receipt of expert independent advice the Council's pay structure was in fact non-discriminatory. The Agreement introduced a harmonised set of terms and conditions for all Council employees with effect from 1 October 2010.

As at 1 October 2010, the minimum and maximum rates of pay of all employees within scope of the Single Status Agreement remained unchanged and are based on either the national pay spine and/or locally negotiated rates of pay or national minimum wage legislation, including Apprentice rates of pay dependent on age.

The national pay spine and local pay grades are set out at **APPENDIX 1**. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine.

In order to future proof the Council's pay and grading structure from an equalities standpoint and following negotiation with local and regional trade unions and taking account of expert independent advice a revised non-discriminatory pay and grading structure was implemented for any new or revised job roles on or after 1 October 2010, as set out at **APPENDIX 2**. Any future decision as to the grading of job roles is now determined by reference to the NJC Job Evaluation Scheme as adopted by the Council.

With the exception of progression through any incremental scale of any relevant grade being subject to overall satisfactory performance, the level of remuneration is not variable dependent upon the achievement of defined targets

There is in addition the provision for the acceleration of increments within any grade in order to take account of changes to duties and responsibilities or outstanding contribution.

There have been no increases in the national pay spine salary points since April 2009 being the last national pay settlement for officers within the scope of the "Green Book"

All other pay related allowances are the subject of either national or local determination having been determined from time to time in accordance with national collective bargaining machinery and/or as determined by local negotiation with local trade union representatives.

In determining its pay and grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to be able to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate and to respond to variations in regional or national pay rates. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

### **Local Government Pension Scheme**

Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. The table below sets out the contribution bands which will be effective from 1 April 2012. These are based on the pay bands for 2011/12 as increased by the September 2011 CPI figure of 5.2%, with the result rounded down to the nearest £100.

<b>Band</b>	<b>Whole-time equivalent pay range</b>	<b>Employee contribution rate (%)</b>
1	Up to £13,500	5.5
2	£13,501 to £15,800	5.8
3	£15,801 to £20,400	5.9
4	£20,401 to £34,000	6.5
5	£34,001 to £45,500	6.8
6	£45,501 to £85,300	7.2
7	More than £85,300	7.8

The Employer contribution rates are set by Actuaries advising the Staffordshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate, established in 2010 is a minimum of 17.8% for the year ending 2013. (Note; the level of employers contribution is required to be published under S7 of the Accounts and Audit Regulations)

## Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are those officers who comprise the senior management team of the Council (the Leadership Team) reporting directly to the Chief Executive. The national conditions of service, which apply to chief officers of the Council and which are incorporated into contracts of employment are those set out in either the Joint National Council for Chief Officers/Chief Executives. Details of their annual salary and other additional payments as at 1 April 2012 are set out below;

Post	Range/Fixed Salary (£) (Note 7)		Lease Car or Cash Allowance (Note 6)
Chief Executive (Note 1)		104991	7804
Deputy Chief Executive (Note 2)		90059	6596
Head of Environment	57551	68781	5147
Head of HR and Property Services (Note 3)	44218	59914	5147
Head of Law and Administration (Note 4)	57551	71029	5147
Head of Leisure and Culture	57551	64572	5147
Head of Planning and Regeneration	57551	64572	5147
Head of Policy and Improvement	44218	55914	5147
Head of Technology (Note 5)	44218	52641	5147

- Note 1 - Single salary pay point inclusive of payment of National and Local Returning Officer Fees and within Borough business mileage
- Note 2 - All inclusive Single salary pay point including within Borough business mileage
- Note 3 - Includes responsibility for provision of shared services to another local authority
- Note 4 - Includes responsibility for acting as Solicitor and Monitoring Officer for another local authority
- Note 5 - Responsible for provision of shared service to another local authority
- Note 6 - The Council's Lease Car (or equivalent cash allowance) Scheme is closed and subject to negotiated protection arrangements
- Note 7 - All officers are currently paid at the maximum salary following incremental progression

The pay structure for Chief Officers is determined by reference to Hay Job Evaluation, benchmarking of comparable roles and responsibilities and recruitment and retention issues. There have been no increases in Chief Officer's salaries since April 2008 for cost of living rises.

The Council does not apply any bonuses or performance related pay to its chief officers or any other employee.

No additional salary supplements are payable for fulfilling statutory officer duties (e.g. S151 officer or Monitoring Officer roles for Stafford Borough Council).

### **Additions to Salary of Chief Officers**

In addition to basic salary, as set out below are details of other elements of potential 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the normal course of work.;

- (a) Lease Car /Cash Allowance – scheme closed. Protected allowances shown in above table
- (b) Where appropriate and subject to operational circumstances officers are unable to utilise their full leave entitlement payment for untaken leave is permitted but not guaranteed. This discretionary provision applies to all employees.
- (b) Recognition Payments (including honoraria, acting-up payments, ex-gratia payments) – subject to approval such additional payments are permissible to recognise additional duties and responsibilities which occur over and above normal contractual obligations. The provision of such payments is available to all Council employees dependent on circumstances.

### **Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment of chief officers is set out in Section 10, Part 3 of the Council's Constitution (<http://www.staffordbc.gov.uk/constitution>). When recruiting to all posts the Council will take full and proper account of its own Recruitment, and where appropriate Redeployment Policies. This policy does not exclude the possibility of recruiting former Chief Officers either from this Council or any other provided that a valid business case exists to do so. However, such occurrences are unlikely to be approved without a break in continuity of service being affected. This policy does not prevent the Council from any future use of the flexibility within the Local Government Pension Scheme to agree "flexible retirement" where a suitable business case exists. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and as agreed by Council. Where the Council is unable to recruit to a post at the designated grade and/or salary, it will consider the use of temporary market forces supplements in accordance with its relevant policies, or review grades in light of market related information. Any decision as to the remuneration of chief officer posts is to be determined by Council.

Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

The Council does not currently have any chief officers engaged under any such arrangements.

### **Payments on Termination**

The Councils approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if adopted] Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

### **Publication**

Upon approval by full Council, this statement will be published on the Council's Website *and* Intranet. In addition, for posts where the full time equivalent salary is at least £50,000, the Councils Annual Statement of Accounts includes a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year; (none payable not applicable at SBC)
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

## Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1 April 2012, this is spinal column point 4, £12,145 per annum or approximately £6.30 per hour. The Council from time to time employs Apprentices or other such categories of workers, including casual employees who are not included within the definition of 'lowest paid employees' as they are employed under the Government's national minimum wage legislation dependent on age.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than **20** times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (Spinal Column Point 4, £12,145) and the Chief Executive (£112,795, including lease/cash allowance) as **1: 9.3** (rounded up), and between the lowest paid employee (SCP 4) and average chief officer (including Deputy Chief Executive, excluding Chief Executive position, £71,263) as **1: 5.9** (rounded up)

The multiple between the median full time equivalent earnings (£18,136.97) and the Chief Executive is **1: 6.2** (rounded down) and; between the median full time equivalent earnings (£18,136.97) and average chief officer (£71,263, including lease/cash allowance) is **1: 3.9** (rounded down)

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

## Accountability and Decision Making

In accordance with the Council's Constitution, Council, and /or Cabinet are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council. The Constitution sets out the various delegations to Heads of Service.

**APPENDIX 1**

<b>SCALE</b>	<b>SCP</b>	<b>SALARY AT 01/04/09</b>	<b>HOURLY RATE</b>
<b>1</b>	4	12145	6.2951
	5	12312	6.3816
	6	12489	6.4734
<b>POINTS 7 &amp; 9 ARE NO LONGER USED</b>	7	12787	6.6278
	8	13189	6.8362
	9	13589	7.0435
	10	13874	7.1913
	11	14733	7.6365
<b>2</b>	11	14733	7.6365
	12	15039	7.7951
	13	15444	8.0050
<b>3</b>	14	15725	8.1507
	15	16054	8.3212
	16	16440	8.5213
	17	16830	8.7234
<b>4</b>	18	17161	8.8950
	19	17802	9.2272
	20	18453	9.5647
	21	19126	9.9135
<b>5</b>	22	19621	10.1701
	23	20198	10.4692
	24	20858	10.8113
	25	21519	11.1539
<b>6</b>	26	22221	11.5177
	27	22958	11.8997
	28	23708	12.2885
<b>SO1</b>	29	24646	12.7747
	30	25472	13.2028
	31	26276	13.6195
<b>SO2</b>	32	27052	14.0218
	33	27849	14.4349
	34	28636	14.8428
<b>PO COMMENCES AT SCP 33</b>	35	29236	15.1538
	36	30011	15.5555
	37	30851	15.9909
	38	31754	16.4589
	39	32800	17.0011
	40	33661	17.4474
	41	34549	17.9077
	42	35430	18.3643
	43	36313	18.8220
	44	37206	19.2849
	45	38042	19.7182
	46	38961	20.1945
	47	39855	20.6579
	48	40741	21.1171
	49	41616	21.5707
	50	42680	22.1222
	51	43746	22.6747
	52	44811	23.2267

## APPENDIX 2

<b>Grade</b>	<b>Scale point</b>
A	4 - 7
B	7 - 10
C	10 - 14
D	14 - 18
E	18 - 22
F	22 - 26
G	26 - 30
H	30 - 34
I	34 - 38
J	38 - 42
K	42 - 46
L	46 - 49
M	49 - 52