



# **Localism Act 2011**

# **Pay Policy Statement 2016/17**

February 2016

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### **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 the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 as amended. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay and conditions of its employees.

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 (“Green Book”) were agreed at Council on 28 September 2010. The Agreement to not introduce structural changes to existing pay levels at the time 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<sup>st</sup> October 2010.

As at 1<sup>st</sup> October 2010, the minimum and maximum rates of pay of 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 as appropriate dependent on age.

On 26 November 2013 Council approved the harmonisation of pay awards across the Council. With effect from 1 April 2013, all employees (other than those covered

by the national minimum wage and other Government rates of pay) will receive annual pay awards in line with the National Joint Council for Local Government Services (Green Book).

The national pay spine and localised pay grades are set out at **Annex 1**. The rates are inclusive of the 2015/16 pay award for the NJC for Local Government Services. 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 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 **Annex 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.

All other pay related allowances are the subject of either national and/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. In addition the Council operates pensions 'Auto Enrolment' as required by the Pensions Act 2008. The table below sets out the pension contribution bands which are effective from 1 April 2015.

*\*The revised rates for 2016/17 have not yet been published. The Table below will be updated when revised information is available and published on the Council website*

Any revised rates should also be published on the Staffordshire County Council Pensions home page [www.staffspf.org.uk](http://www.staffspf.org.uk)

<b>Band</b>	<b>Whole-time equivalent pay range</b>	<b>Employee contribution rate (%) up to 31/3/16</b>
1	Up to £13,500	5.5
2	£13,501 to £21,000	5.8
3	£21,001 to £34,000	6.5
4	£34,001 to £43,000	6.8
5	£43,001 to £60,000	8.5
6	£60,001 to £85,000	9.9
7	£85,001 to £100,000	10.5
8	£100,001 to £150,000	11.4
9	More than £150,000	12.5

The Employer contribution rates are set by Actuaries advising the Staffordshire Pension Fund and reviewed on a regular basis in order to ensure the scheme is appropriately funded. The rate for 2016 is a minimum of 16.8% a reduction of 4% on the previous year.

### **Senior Management Remuneration**

The Council has formal agreements in place to share services with other Councils, the major partner being Cannock Chase District Council. A number of senior managers although employed by Stafford Borough Council are responsible for the delivery of services to both Stafford Borough and Cannock Chase District Councils so the table below does not reflect an overall cost to Stafford Borough Council as the cost of some of the posts (as notated) are shared.

For the purposes of this statement, senior management means 'chief officers' as defined within S.43 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 main 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 remuneration as at 1<sup>st</sup> January 2015 (pay award with effect from 1 April to yet to be determined nationally) are set out below:

Post	Range/Fixed Salary (£) (Note 7)		Lease Car or Cash Allowance (Note 8)
Chief Executive (Note 1)		87871	8055
Head of Environment	59405	70998	5312
Head of HR and Property Services (Note 2)	59405	66653	5312
Head of Law and Administration (Note 3)		59447	5312
Head of Leisure and Culture	59405	66653	5312
Head of Planning and Regeneration (Note 4)		40532	5312
Head of Policy and Improvement (Note 5)		46797	5312
Head of Technology (Note 6)	45642	57717	5312

Note 1	Single salary pay point inclusive of payment of National and Local Election Returning Officer Fees and 'within Borough boundary' business mileage. The job holder (on a personal basis) reduced working hours from 37 to 30 hours per week following flexible retirement w.e.f. 1 <sup>st</sup> March 2014. The job holder is due to retire in line with the appointment of a successor. The new post will be a full-time 37 hours per week contract with the overall FTE remuneration package expected not to exceed £115,000 (plus on costs)
Note 2	Responsible for provision of services to other local authorities
Note 3	Responsible for provision of services and acting as Solicitor and Monitoring Officer for another local authority. The job holder (on a personal basis) reduced working hours from 37 to 30 hours per week following flexible retirement w.e.f. 1 <sup>st</sup> December 2013. When the job holder leaves the employment of the Council any future vacancy may revert back to full-time, subject to Council approval.
Note 4	The job holder (on a personal basis) reduced working hours from 37 to 22.5 hours per week following flexible retirement w.e.f. 1 <sup>st</sup> October 2015. The job holder is due to retire on 31 <sup>st</sup> May 2016. The new post entitled Head of Economic Development & Planning is a full-time 37 hours per week role with an FTE salary range of £59,405 - £66,653 per annum
Note 5	The job holder (on a personal basis) reduced working hours from 37 to 30 hours per week following flexible retirement w.e.f. 1 <sup>st</sup> June 2015
Note 6	Responsible for provision of services to another local authority
Note 7	All officers are currently paid at the maximum salary point following incremental progression. Salaries reflect the 01/01/15 pay award
Note 8	The Council's Lease Car (or equivalent cash allowance) Scheme is closed and subject to negotiated personal protection arrangements

As previously mentioned the total cost of senior management posts covered by notes 2, 3 and 5 are shared with another Council under joint shared service arrangements. In addition, the other reasons set out in Notes 1,3,4 & 5 regarding flexible retirement has since the publication of Annual Pay Policy Statements from 2012/13, temporarily reduced the overall annual cost of senior management of the Council by £135,805 (excluding on-costs). This reduction takes account of two national pay awards of 1% (w.e.f. 1<sup>st</sup> April 2013) and 2.2% (w.e.f. 1<sup>st</sup> January 2015).

The pay structure of the senior management team is determined by reference to Hay Job Evaluation, benchmarking of comparable roles and responsibilities and recruitment and retention issues. The Council does not apply any bonuses or performance related pay to its chief officers.

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

In addition to basic salary, 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 are set out below:

- (a) Lease Car/Cash Allowance – scheme closed. Protected allowances shown in above table. Discretionary locally agreed car user allowance of up to £3,000 payable as appropriate to assist with recruitment and retention
- (c) Where appropriate and subject to operational circumstances payment for untaken leave is permitted but not guaranteed. This discretionary provision applies to all employees. The purchase of additional leave is also permitted as appropriate
- (d) Recognition Payments (e.g. honoraria, acting-up payments, ex-gratia payments, salary plussages) – additional payments (as appropriate) are permissible in order to recognise additional duties and responsibilities which occur over and above normal contractual arrangements. The provision of such payments is available to all Council employees.

### **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 which can be found on the Council's website (<http://www.staffordbc.gov.uk/constitution>). When recruiting to any post 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 (All employees)**

The Councils approach to statutory and discretionary payments on termination of employment of all employees including chief officers prior to reaching normal retirement age is set out in accordance with the Local Government Pension Scheme regulations. For Chief Officers, any other payments falling outside these provisions apart from contractual payments or other delegated matters shall be subject to a formal decision made by full Council or relevant elected members, or 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 of employment;
- any benefits received that do not fall within the above

### **Pay Relationships**

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. From time to time the Council 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 and pay is dependent on age.

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 suggested that no public sector manager can earn more than **20** times the lowest paid person in the organisation. However,

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.

Until the 2016/17 pay award is settled for local government the minimum spinal column point payable under the Council's formal grading structure with effect from 1<sup>st</sup> April 2016 is SCP 6 £13,614 (£7.0565 per hour) for employees aged under 25. The new national living wage of £7.20 per hour will apply to all employees aged 25 and over. The Council continues to use national minimum wage rates as appropriate for casual, temporary and apprentice roles dependent on age on appointment.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (Spinal Column Point 6, £13,614) and the Chief Executive (£116,430) (FTE salary, including lease/cash allowance) as 1: 8.55 (rounded down), and between the lowest paid employee (SCP 6) and average chief officer (excluding Chief Executive position, including lease car provision £70,984) as 1: 5.21 (rounded down)

The multiple between the median full time equivalent earnings (£17,372) and the Chief Executive is 1: 6.70 (rounded down) and; between the median full time equivalent earnings (£17,372) and average chief officer (£70,984), is 1: 4.41 (rounded up)

As part of its overall and on-going monitoring of 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, retention, 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 and other bodies within the Council.



## Annex 1

<b>SCP</b>	<b>01-Jan-15</b>	<b>Hourly Rate</b>
	<b>£</b>	<b>£</b>
6	£13,614	£7.0565
7	£13,715	£7.1088
8	£13,871	£7.1897
9	£14,075	£7.2954
10	£14,338	£7.4317
11	£15,207	£7.8822
12	£15,523	£8.0460
13	£15,941	£8.2626
14	£16,231	£8.4129
15	£16,572	£8.5897
16	£16,969	£8.7955
17	£17,372	£9.0043
18	£17,714	£9.1816
19	£18,376	£9.5247
20	£19,048	£9.8731
21	£19,742	£10.2328
22	£20,253	£10.4976
23	£20,849	£10.8066
24	£21,530	£11.1595
25	£22,212	£11.5130
26	£22,937	£11.8888
27	£23,698	£12.2833
28	£24,472	£12.6845
29	£25,440	£13.1862
30	£26,293	£13.6283
31	£27,123	£14.0585
32	£27,924	£14.4737
33	£28,746	£14.8998
34	£29,558	£15.3207
35	£30,178	£15.6420
36	£30,978	£16.0567

37	£31,846	£16.5066
38	£32,778	£16.9897
39	£33,857	£17.5489
40	£34,746	£18.0097
41	£35,662	£18.4845
42	£36,571	£18.9557
43	£37,483	£19.4284
44	£38,405	£19.9063
45	£39,267	£20.3531
46	£40,217	£20.8455
47	£41,140	£21.3239
48	£42,053	£21.7971
49	£42,957	£22.2657
50	£44,054	£22.8343
51	£45,155	£23.4050
52	£46,255	£23.9751

Annex 2

<b>Grade</b>	<b>Scale Points</b>
A	6 - 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

(NB: To apply to new or revised posts with effect from 1 October 2010)