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**PAY POLICY STATEMENT 2014/2015**

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**Responsible Cabinet Member – Councillor Stephen Harker**  
**Efficiency and Resources Portfolio**

**Responsible Director – Paul Wildsmith, Director of Neighbourhood Services and**  
**Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To request that members receive and approve the Pay Policy Statement for the financial year 2014/2015 in line with the requirements of the Localism Act 2011.

**Summary**

2. The Localism Act 2011 requires the Council to agree a written Pay Policy on an annual basis.
3. The Act requires the Council to publish specific information relating to the Council's highest and lowest paid employees.
4. The proposed Pay Policy for 2014/15 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and updated guidance

**Recommendation**

5. It is recommended that Council agree and approve the proposed Pay Policy 2014/15 (Appendix A). If approved, arrangements will be made to publish the Policy on the Council's intranet for public access.

**Reasons**

6. The recommendation is supported to enable the Council to comply with the requirements of the Localism Act 2011

**Paul Wildsmith**  
**Director of Neighbourhood Services & Resources**

## Background Papers

1. Localism Act 2011
2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 published by the Department for Communities and Local Government: February 2012
3. Improving Local Government Transparency Consultation published by the Department for Communities and Local Government: October 2012
4. Supplementary guidance to The Localism Act requirements (Openness and accountability in local pay : Guidance under Section 40 of the Localism Act 2011) dated February 2013 issued by Department of Communities and Local Government

Elizabeth Davison (extension 2601)

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Well Being	This report has no implications for the Council's Health and Well Being agenda
Carbon Impact	There are no carbon impact implications in this report
Diversity	There are no diversity issues
Wards Affected	No wards affected
Groups Affected	No groups affected
Budget and Policy Framework	There is no impact on the budget or policy framework.
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	This report has no particular implications for the Sustainable Community Strategy
Efficiency	There are no efficiency implications in this report

## MAIN REPORT

### Information and Analysis

7. Following the implementation of The Localism Act 2011 the Council is required to agree a written Pay Policy on an annual basis. The Council's 2013/14 Pay Policy was agreed by Council on 13<sup>th</sup> March 2013 and it was published in accordance with the Act requirements.
8. The Pay Policy sets out the specific information on the relationship between the highest and lowest paid employees in the Council and principles associated with the payments and remuneration packages of Chief Officers both during and on termination of employment.
9. Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year as required, any changes must be subject to the approval of full Council. Failure to do so would be contrary to the Council's Statutory Duty under the Localism Act and would result in legal action being taken against the Council requiring it to do so.
10. The Council's Pay Ratio has reduced since last year to 7.51, (previously 7.99). This calculation is based on the highest paid employee's hourly rate (basic pay) divided by the workforce median hourly rate (basic pay). The Council aims to ensure that the pay multiple does not exceed 10.
11. Supplementary guidance to The Localism Act requirements (Openness and accountability in local pay : Guidance under Section 40 of the Localism Act 2011) dated February 2013 issued by Department of Communities and Local Government requests that Councils ensure that they clearly articulate all aspects of the Localism Act requirements associated with Senior officers pay in their policy statements, the guidance also encourages Councils to vote for salary packages in excess of £100,000 and severance packages in excess of £100,000 prior to assigning to employees.
12. Although, the request is only guidance at present, the detail has been incorporated into the updated Pay Policy Statement for 2014/15 (**Appendix A**).
13. The above additions also have an impact on the Council's Constitution and arrangements will be made to make the necessary additions / amendments accordingly.

## Revisions to the Pay Policy Statement

14. Revisions to the proposed Pay Policy Statement for 2014/2015, are as follows;

- (a) Clearer headings of sections to align with the supplementary guidance published in February 2013.
- (b) Inclusion of revised legislation within the 'Definition' section to include Public Health Employees.
- (c) Inclusion of Director of Public Health and Public Health Specialist posts in the remuneration list of chief officers following the transfer of public health employees to the Council on 1st April 2013.
- (d) Inclusion of a reference of full Council voting for new chief officer appointments where the salary exceeds £100,000 including detail of component parts of the salary package where appropriate (Appendix A - paragraph 10).
- (e) Inclusion of a reference of full Council voting for severance payments exceeding £100,000 including detail of component parts of the severance package where appropriate (Appendix A - paragraph 18).
- (f) Further clarity regarding the publication and access to employees salary packages including detail in line with Audit and Accounts (England) regulations 2011 (Appendix A – paragraph 22).
- (g) Updated calculation of the Council's hourly rate pay multiple, based on basic hourly pay (the 2013/2014 statement figure was 7.99, the revised figure is 7.51, further information is detailed at **Appendix A - paragraph 25**).

15. If adopted, the Pay Policy statement does not pose additional financial implications for the Council



## Pay Policy Statement 2014/2015 (in accordance with Section 38, Localism Act 2011)

### Introduction

1. This document sets out the Council's Pay Policy in relation to the remuneration of its Chief Officers and staff in accordance with section 38 of the Localism Act 2011.
2. The policy is subject to annual review and must be approved by the Borough Council for each financial year. This statement is valid from 1st April 2014 to 31st March 2015.
3. Subject to specific circumstances it may be necessary to amend the Pay Policy statement during the financial year. Any changes or amendments made will be subject to full Council approval.
4. The policy will be published on the Council's website as soon as reasonably practicable after Council approval or amendment.
5. The arrangements set out within this document do not extend to those members of staff who are employed within schools. This is because the scope of the Localism Act does not require Council's to consider individual schools.
6. The Council is mindful of its duty as defined in the Equality Act 2010. This Pay Policy Statement forms part of a range of Pay Policies to promote equality in pay practices and assists in ensuring that the Council is promoting transparency of senior managers pay and a fair approach to pay related equalities objectives.

### Definitions

7. The following definitions will apply throughout this policy statement:
  - a. '**Lowest-paid employees**' are those who are employed in jobs which are paid at Grade A level (spinal column point 5). This is the lowest salary paid other than Apprentices. The salaries attributable to apprentices depend on age and rates set out within the National Minimum Wage legislation or national agreements. Given the specific nature of these appointments, it is felt inappropriate to include apprentices within the definition of lowest paid for the purposes of this policy statement.
  - b. '**Chief Officers**' are those who are defined as;
    - i. Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989;

- ii. Monitoring Officer designated under section 5(1) of that Act;
- iii. Any Statutory Chief Officer mentioned in section 2(6) of that Act;
- iv. Any non-statutory chief officer mentioned in section 2(7) of that Act;
- v. Any deputy chief officer mentioned in section 2(8) of that Act.

c. **Remuneration'** as defined in the Localism Act associated with Chief Officers relates to;

- i. the chief officers salary.
- ii. any bonuses payable by the authority to the chief officer.
- iii. any charges, fees or allowances payable by the authority to the chief officer.
- iv. any benefits in kind to which the chief officer is entitled as a result of employment.
- v. any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority.
- vi. any amounts payable by the authority to the chief officer on the chief officer ceasing to hold office or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

## Remuneration of Chief Officers

8. Chief Officer posts and the attributable salaries (which are payable from appointment and with incremental progression) are as follows:

Post	Terms	Salary / Salary Band	Other variable Pay
<b>Darlington Borough Council Chief Officers</b>			
<i>Note : the salaries quoted above are based on full time equivalent hours</i>			
Chief Executive	JNC <sup>1</sup>	£156,720 p.a. (Spot salary)	None
Directors	JNC <sup>1</sup>	£83,460 - £115,725 p.a.	None
Assistant Director (AD1)	JNC <sup>1</sup>	£70,000 - £84,000 p.a.	None
Assistant Director (AD2)	JNC <sup>1</sup>	£64,000 - £74,000 p.a.	None
Assistant Director (AD3)	JNC <sup>1</sup>	£54,000 - £66,000 p.a.	None
Director of Public Health	VSM <sup>2</sup>	£97,000 p.a. (Spot salary)	None
147 Public Health Specialist	A4C <sup>3</sup>	£54,454 to £67,134	None

<sup>1</sup> JNC - Joint National Council <sup>2</sup> VSM – NHS Very Senior Manager <sup>3</sup> A4C – Agenda for Change

## Level of Remuneration Paid Upon Recruitment

- 9. The Council's policy on pay upon recruitment is set out in the Council's Recruitment and Selection policy which applies to all employees.
- 10. The Council's Constitution will state that any salaries / salary packages assigned to new appointments which exceed £100,000 will be subject to full Council vote prior to the post being advertised. In order for Council to make an informed vote on the proposed salary package, detail of the component parts of the package will be disclosed, for example the basic salary, any additional fees, charges or allowances that would be routinely payable as part of undertaking the duties of the post.
- 11. The salaries attributable to Chief Officer posts are subject to job evaluation and are based on:

- a. clear salary differentials which reflect the level of responsibility attached to any particular role; and
- b. rates which are reasonably sufficient to recruit and retain senior officers taking into account market conditions.

12. Increases in pay for Chief Officers will occur only as a result of the following:

- a. pay awards agreed by way of national / local collective pay bargaining arrangements; or
- b. significant changes to a Chief Officer's role which result in a higher salary being appropriate as confirmed by the outcome of a job-evaluation process and subject to a report to Council; or
- c. recruitment and / or retention payments which, in all the given circumstances at the relevant time, are deemed necessary in the best interests of the Council and which are determined under a relevant policy relating to such payments and subject to a report to Council.

13. It is expected that senior officers will perform to the highest level and performance related pay and bonuses do not, therefore, form part of current remuneration arrangements. This position will be reviewed if legislation and / or guidance relating to senior posts changes.

#### **Election Duties undertaken by Chief Officers**

14. Fees for election duties do not form part of the required Chief Officers routine duties and therefore such fees are not included in their salaries. These are determined separately in consultation with the other Tees Valley Councils. For contested elections, the fees are based on an agreed sum for the first 1000 electors and a further sum for each additional 1000 electors or fraction thereof, and a set agreed sum for uncontested elections.

#### **Payments to Chief Officers on Termination of Employment / Severance**

15. Chief Officers who cease to hold office or be employed by the Council will receive payments calculated using the same principles as any other member of staff; based on entitlement within their contract of employment, their general terms and conditions and existing policies.

16. In the case of termination of employment by way of early retirement, redundancy (voluntary or otherwise) or on the grounds of efficiency of the service, the Council's Early Retirement and Management of Change Policies set out provisions which apply to all employees, regardless of their level of seniority.

17. These Policies also set out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.

18. Where a termination of employment / severance payment equates to be single payment in excess of £100,000, full Council will be given an opportunity to vote prior to the package been approved.

19. As part of making an informed vote on severance / termination payments full Council will be presented with detailed components of severance payments.
20. The detail of Council voting on severance payments will be set out in the Council's Constitution

### **Publication of and access to Information Relating to Remuneration of Chief Officers**

21. The Council publishes on its website all senior salaries in line with The Code of Recommended Practice for Local Authorities on Data Transparency which has been published by the Department of Communities and Local Government. This Code stipulates that as Councils should make senior employee salaries available to the public where they exceed £58,200.
22. For transparency purposes the Council also publishes details of any posts who have received a total pay in excess of £50,000, the number of redundancies and payment bands of all relevant employees. These figures are updated annually based on figures as at 31<sup>st</sup> March of the relevant year. This is in line with Accounts and Audit (England) Regulations 2011.

### **Remuneration of Lowest Paid Employees within the Council**

23. The Council introduced 'single status arrangements' in July 2006. The lowest paid employees within the authority are appointed to posts which have been evaluated using an agreed job evaluation scheme and are remunerated accordingly, or are determined within national or local agreements.

### **Relationship between Chief Officer and non-Chief Officer Remuneration**

24. The 'pay multiple' for the Council has been arrived at by comparing the hourly pay for the highest paid employee against that of the median hourly pay for the organisation as a whole (excluding casual employees, youth trainees / apprentices and Councillor's salaries / payments).
25. As at 31<sup>st</sup> December 2013 the Council's hourly rate pay multiple, based on the basic hourly rate pay is;

	<b>Highest paid Employee based on hourly pay</b>	<b>Lowest paid Employee based on hourly pay</b>	<b>Workforce Median Hourly Rate</b>	<b>Median Hourly Rate Multiple</b>
<b>Hourly Pay Multiple</b>	£81.23 per hour	£6.44 per hour (SCP 5) **	£10.82	7.51

*\*\* this rate may rise to £7.26 subject to Council approval on 27/2/2014 for the proposal to assign SCP 10 (£7.2632 per hour) as the lowest hourly rate for all employees from 1<sup>st</sup> April 2014. This would not change the pay multiple however as the calculation is based on the median.*

26. The Council will generally aim to ensure that the pay multiple does not exceed ten.



## **General Principles Regarding Remuneration of Staff**

27. The salaries attributable to posts are determined via job evaluation. Employees are remunerated according to the evaluated score of the post they hold and by reference to the salary scale existing at any given time. Most posts include an entitlement to incremental progression.
28. New appointments are subject to the Council's Recruitment and Selection Policy and will generally be made at the bottom spinal column point of all pay bands (unless there are special circumstances and payment at a higher level can be objectively justified).
29. In the event of an employee securing a higher-graded post via internal promotion/recruitment and there being an overlap of spinal column points between their current post and bottom point of the newly secured position, then the Council will generally pay salary on the nearest point to the previous spinal column point.
30. Where an employee is redeployed because of redundancy or ill health, they will generally be appointed to the highest spinal column point within the lower grade so as to minimise financial loss.