
PAY POLICY

Responsible Cabinet Member – Councillor Stephen Harker
Efficiency and Resources Portfolio

Responsible Director – Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To advise Members about recent proposals and changes to Pay Policy and Pay data publication requirements and explain the proposed policy for Council approval.

Summary

2. In recent months there have been three new or amended requirements to pay policy and pay data publication requirements as a result of:
 - (a) The Accounts and Audit (England) Regulations 2011;
 - (b) The Code of Recommended Practice for Local Authorities on Data Transparency published by the Department for Communities and Local Government;
 - (c) Openness and accountability in local pay: Guidance under section 40 of the Localism Act issued by the Department for Communities and Local Government.

The Localism Act requires the Council to agree a written pay policy for 2012/13 and a proposed policy is attached for Council approval.

Recommendation

3. It is recommended that Council agree and publish the proposed Pay Policy attached as Appendix A.

Reasons

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

Paul Wildsmith
Director of 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

Joanne Machers Extension 2-055

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	No budget implication
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

5. Final guidance has just been issued in respect of Section 40 of the Localism Act which clarifies that full Council is required to approve an annual pay policy statement in respect of:-
 - (a) Its senior staff (i.e. Chief Executive, Directors and Assistant Directors)
 - (b) Its lowest paid employees and
 - (c) The relationship between:
 - (i) the remuneration of its chief officers and
 - (ii) the remuneration of its employees who are not chief officers.
6. The proposed pay policy statement reflects the current policies and arrangements within the Council. Additionally Council recently reviewed the pay and grading of chief officers and the outcome of that recent review is reflected in the proposed pay policy statement.
7. The provisions of the Localism Act and the requirement to agree and publish a pay policy statement annually reflect the Government's aim to increase accountability, transparency and fairness in the setting of local pay.
8. The pay policy statement must include specific details in relation to:
 - (a) the definition of 'lowest-paid employees' adopted by the authority for the purposes of the statement and the reasons for adopting it;
 - (b) the authority's policies relating to chief officer remuneration e.g. grades, on appointment, increases, additions, bonuses, cease to be employed, publication of information;
 - (c) whether election fees are included within a chief officer's overall salary or are paid separately and if separate fees are paid, describe their approach to setting and publishing these;
 - (d) the approach an authority may take in offering a severance payment to senior staff as part of a decision to terminate a contract for any reason;
 - (e) whether they will permit an individual to be paid a salary and a pension and whether they will re-engage ex-chief officers made redundant under a contract for services;
 - (f) the remuneration of its lowest paid employees;

The pay policy statement must be agreed by Council annually and once set can only be varied by Council. The policy must be published, including being published on the Council's website.
9. The guidance stipulates that full council must consider whether pay policy should include Council approval before large salary packages are offered in respect of a new appointment. The Secretary of State considers that £100,000 is the right level for that threshold to be set. For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment. The attached policy does not allow for such approval as this would represent a move from current procedures within the Council and such an approval

process could potentially delay appointments to key posts. However all vacant posts will continue to be challenged prior to advert.

10. The guidance suggests that local authorities may wish to consider extending and developing the scope and range of remuneration policies which is not proposed due to the limited time for Council to consider and agree the pay policy statement.

Darlington Borough Council
Pay Policy Statement
(Section 38, Localism Act 2011)

1.1 Introduction

This document sets out the Council's pay policy in relation to the remuneration of its staff in accordance with section 38 of the Localism Act 2011. The policy is subject to annual review and must be approved by the Borough Council for each financial year. The policy will be published on the Council's website as soon as reasonably practicable after approval or amendment.

- 1.1 The arrangements set out within this document do not extend to those members of staff who are employed within schools.

2.0 Definitions

The following definitions will apply throughout this policy statement:

2.1 'Lowest-paid employees':

those staff who are employed in jobs which are paid at Grade A level (spinal column point 4), this being the lowest salary paid to employees other than apprentices. The salaries attributable to apprentices depend on age and are those 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 employees for the purposes of this policy statement.

2.2 'Chief Officer':

Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989;

Monitoring officer designated under section 5(1) of that Act;

Any statutory chief officer mentioned in section 2(6) of that Act;

Any non-statutory chief officer mentioned in section 2(7) of that Act;

Any deputy chief officer mentioned in section 2(8) of that Act.

3.0 Chief Officers

3.1 Levels and Elements of remuneration for Chief Officers

The following principles will apply:

The salaries set out within this Pay Policy Statement will be determined as at 31 December of the relevant year and calculated using the 12 months up to that date.

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

<u>Role</u>	<u>Salary</u>
Chief Executive	£ 156,720 p.a
Directors	£ 97,920 - £115,725 p.a
Assistant Director (AD1)	£ 70,000 - £84,000 p.a.
Assistant Director (AD2)	£ 64,000 - £74,000 p.a.
Assistant Director (AD3)	£ 54,000 - £66,000 p.a.

- 3.2 JNC terms and conditions are incorporated into all Chief Officers' contracts of employment.
- 3.3 The salaries attributable to Chief Officer posts are subject to job evaluation and based on:
- o clear salary differentials which reflect the level of responsibility attached to any particular role; and
 - o rates which are reasonably sufficient to recruit and retain senior officers taking into account market conditions.
- 3.4 Increases in pay for Chief Officers will occur only as a result of the following:
- o pay awards agreed by way of national/local collective pay bargaining arrangements; or
 - o significant changes to a Chief Officer's role which result in a higher salary being appropriate as confirmed by the outcome of an appropriate job-evaluation process and subject to a report to Council; or
 - o 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.
- 3.5 It is expected that senior officers will perform to the highest level and performance related pay does not, therefore, form part of current remuneration arrangements. This position will be reviewed if legislation and/or guidance relating to senior posts is changed.
- 3.6 **Election Duties undertaken by Chief Officers**
Fees for election duties undertaken by chief officers 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

3.7 Payments to Chief Officers upon termination of their employment

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.

3.8 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 staff regardless of their level of seniority.

3.9 The Policies also sets out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.

4.0 Publication of and access to information relating to remuneration of chief officers.

Information will be published on the Council's website in line with The Code of Recommended Practice for Local Authorities on Data Transparency.

5.0 Remuneration of lowest paid employees.

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 agreements.

6.0 Relationship between Chief Officer and non-Chief Officer remuneration:

The 'pay multiple' for the Council is determined by comparing the hourly pay for the highest paid employee against that of the median hourly pay for the organisation as a whole.

6.1 The Council's current pay multiple is 8.8 (based on salary median).

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

7.0 General principles regarding remuneration of staff:

7.1 The salaries attributable to posts are determined via a job evaluation. Staff 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.

7.2 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. However, in the event of any member of staff

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 spinal column point nearest to the current spinal column point. Where staff are 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.