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**PAY POLICY**

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

**Responsible Director – Paul Wildsmith, Director of 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 2013/2014 in line with the requirements of the Localism Act 2010.

**Summary**

2. The Localism Act 2010 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 2013/14 is attached at Appendix A.
5. The Pay Policy Statement for 2013/2014, has been updated to reflect a number of changes including :-
  - (a) The pending transfer of Public Health employees from 1st April 2013
  - (b) Definition of pay (to reflect total pay) in line with the Localism Act
  - (c) Reference to the introduction of the Equality Act 2010 and the link with the Council's Pay Policy
6. The Pay Policy Statement 2013/14 meets the requirements of the Localism Act 2011 and updated guidance.

**Recommendation**

7. It is recommended that Council agree and approve the proposed Pay Policy 2013/14 (**Appendix A**). If approved, arrangements will be made to publish the Policy on the Council's intranet for public access.

## Reasons

8. 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

- (i) Localism Act 2011
- (ii) 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
- (iii) Improving Local Government Transparency Consultation published by the Department for Communities and Local Government: October 2012

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	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

9. The Council was required by Sections 38-39 of the Localism Act 2011 to approve and publish its first pay policy statement by 31 March 2012 for the financial year 2012-13 which it did on the 22 March 2012. The attached revised policy is valid from 1 April 2013 to 31 March 2014.
10. Any changes during the year have to be approved by 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.
11. 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.
12. The Pay Policy Statement for 2013/2014, has been updated to reflect a number of changes including;
  - (a) The pending transfer of Public Health employees from 1 April 2013
  - (b) Definition of pay (to reflect total pay) in line with the Localism Act
  - (c) Reference to the introduction of the Equality Act 2010 and the link with the Council's Pay Policy
13. The Council's 'hourly pay multiple', (which compares the hourly rate of the highest paid employee against that of the median hourly rate for the whole Council) was 8.8 in 2012/13. This year the hourly rate median is lower (7.99) based on the same calculation and is within the Council's targeted pay multiple aim of 10.
14. All other aspects of the Pay Policy Statement remain unchanged and it is compliant with the Localism Act specific requirements.
15. As a Council we have the choice to consider extending the range and scope of the published information relating to the whole workforce and remuneration policies and procedures. However, given the scope of change and reducing resources it is proposed to maintain a Pay Policy which meets the Statutory requirements. This position is also being adopted by the other Tees Valley Councils.
16. In accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Recommended Practice for Local Authorities on Data Transparency, we publish annually the remuneration of the Council's Chief Officers on the Council's website.
17. There is no formal requirement in the Localism Act 2011 to consult on this Policy but it will be shared with Trade Unions prior to the Council meeting.
18. If adopted, the Pay Policy statement does not pose additional financial implications for the Council.



**Pay Policy Statement 2013/2014**  
**(in accordance with Section 38, Localism Act 2011)**

**1. Introduction**

- 1.1 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.
- 1.2 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 2013 to 31st March 2014.
- 1.3 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.
- 1.4 The policy will be published on the Council's website as soon as reasonably practicable after Council approval or amendment.
- 1.5 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.
- 1.6 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.

**2. Definitions**

- 2.1 The following definitions will apply throughout this policy statement:
  - a. '**Lowest-paid employees**' are who are employed in jobs which are paid at Grade A level (spinal column point 4). This is the lowest salary paid to 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 for the purposes of this policy statement.
  - b. '**Chief Officers**' are those who are defined as;

- 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.

c. **‘Remuneration’** as defined in the Localism Act includes not just pay but also charges, fees, allowances, benefits in kinds, increase in enhancements of pensions and termination payments.

### **3.0 Levels and Elements of Remuneration for Chief Officers**

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

<b>Post</b>	<b>Terms</b>	<b>Salary / Salary Band</b>	<b>Other variable Pay</b>
<b>Darlington Borough Council Chief Officers</b>			
Chief Executive	JNC <sup>1</sup>	£156,720 p.a	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

<sup>1</sup> JNC - Joint National Council

*Note : the salaries quoted above are based on full time equivalent hours*

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:

- 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.

3.4 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 an appropriate 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.

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 changes.

**4. Chief Officers and Transfer of Public Health function to the Council**

4.1 The Health and Social Care Act 2012 received Royal Assent on 27 March 2012. This Act includes the transition towards the establishment of a new public health system and the Government’s vision for the new public health role in local authorities.

4.2 Public Health will be transferring to the Council from 1<sup>st</sup> April 2013.

4.3 It is anticipated that approximately 12 posts will be transferring to the Council on 1<sup>st</sup> April 2013. Of the 12 posts provisionally identified to transfer to the Council, two posts have Public Health salary bands broadly comparable with the Council’s Chief Officer Salary bands. These include;

Post	Terms	Salary / Salary Band	Other variable Pay
<b>Public Health posts to be Transferred to the Council from the Primary Care Trust with effect from 1<sup>st</sup> April 2013</b>			
Director of Public Health	VSM <sup>1</sup>	Spot Salary of £97,000	Performance Related Pay Bonus
147 Public Health Specialist	A4C <sup>2</sup> L8c	£54,454 to £67,134	On Call payments
Note : These posts will transfer to the Council on 1 <sup>st</sup> April 2013. As at February 2013, due diligence exercises have not yet been finalised and discussions are ongoing at a National Level as to the finer details of the transfer agreement. It is understood that public health employees will transfer with protected terms and conditions. Incremental progression does not apply to the Director of Public Health and current terms state that the spot salary is subject to Board approval and in principle is 70% of the Chief Executive’s pay. At the time of writing (Feb 13) Bonus and On-Call payments are subject to national discussions prior to Public Health employees transferring to local authorities. The salaries quoted above are based on full time equivalent hours.			

<sup>1</sup> VSM – Very Senior Managers terms and Conditions    <sup>2</sup> A4C – Agenda for Change

4.4 Public Health posts identified for inclusion in this Pay Policy are those which are broadly comparable with the Council’s JNC Chief Officers salary bands and are in line with salary level identified in The Code of Recommended Practice for Local Authorities on Data Transparency which has been published by the Department of Communities and Local Government.

4.5 The Council publishes 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.

- 4.6 For transparency purposes the Council also publishes details of any posts who have received a total pay in excess of £58,200. These figures are updated annually and from 1<sup>st</sup> April 2014, this will include Public Health employee earnings.

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

- 5.1 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.

## **6. Payments to Chief Officers on termination of employment**

- 6.1 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.
- 6.2 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.
- 6.3 These Policies also set out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.

## **7. Publication of and access to information relating to remuneration of chief officers.**

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

## **8. Remuneration of lowest paid employees.**

- 8.1 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.

## **9. Relationship between Chief Officer and non-Chief Officer remuneration:**

- 9.1 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.

9.2 As at 31<sup>st</sup> December 2012 the Council's hourly rate pay multiple, which is based on basic hourly 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	£6.38 per hour	£10.17	7.99

*Some councils have calculated this figure based on total earnings (salary and additional allowances such as premium time pay), not basic salary, therefore current pay multiples for these organisations are likely to be lower. These figures exclude Public Health employees.*

9.3 The above pay multiple exclude casual employees, youth trainees / apprentices and Councillor's salaries / payments

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

## **10. General principles regarding remuneration of staff:**

10.1 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.

10.2 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).

10.2 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 spinal column point nearest to the current spinal column point.

10.3 Where 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.