
PAY POLICY STATEMENT 2018/2019

Responsible Cabinet Member -
Councillor Stephen Harker, Efficiency and Resources Portfolio

Responsible Director -
Paul Wildsmith, Director of Neighbourhood Services and Resources

SUMMARY REPORT

Purpose of the Report

1. To present the Pay Policy Statement for the financial year 2018/2019 in line with the requirements of the Localism Act 2011 and Local Government Transparency Code 2014 and request members approve it.

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 2018/19 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and associated guidance.

Recommendation

5. It is recommended that Council agree and approve the proposed Pay Policy 2018/19 (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 and 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
- (iv) 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
- (v) Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government.
- (vi) Local Government Transparency Code 2015 dated February 2015 issued by Department of Communities and Local Government
- (vii) The Repayment of Public Sector Exit Payments 2015
- (viii) Public Sector Exit Payments Regulations 2016
- (ix) Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Elizabeth Davison (extension 5830)

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	Details concerning gender pay gap reporting are mentioned in the report
Wards Affected	No wards affected
Groups Affected	No groups affected
Budget and Policy Framework	This does not 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
Impact on Looked After Children and Care Leavers	Does this report impact on Looked After Children or Care Leavers

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.
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.
10. There have been no amendments to the Pay Policy mid-year since the publication in March 2017.
11. Supplementary guidance to The Localism Act; Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government sets out the requirements for calculating the pay multiple and further publication of senior salaries which the Council has implemented.

Pay Multiple

12. The Council's Pay Multiple based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals and community schools) is;

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2018/201 ¹	£12,812.46	£1731.12	7.40

¹ – Based on figures 31st December 2017 (December Pay Only)

13. The Pay multiple for December 2016 was 7.41. This year the December multiple was 7.40. Nationally Pay Awards for the 2 year period commencing April 2018 are due to be confirmed and projections at the time of writing have been written into the Medium Term Financial Plan.
14. The Council aims to ensure that the pay multiple does not exceed 10.

15. The 2014 Code stipulates that the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple is calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31 March each year. Arrangements will also be made to update the Pay Multiple figure with year-end figures in April which will be published on the Council's internet pages alongside other Transparency Code information requirements.

Senior Salaries

16. The Code requires that the Council publishes Senior Officers Salaries. Formerly, the publication of Senior Salaries was for officers earning £58,000 and above, this has now being reduced to £50,000 and above. This reduction now incorporates senior managers on National Joint Council (NJC) Grade T SCP's 56 (£50,168) and 57 (£51,115). There is also a requirement to publish the services, functions, the budget held and the number of employees senior officers are responsible for. This information is available on the internet with other Transparency requirements.

Gender Pay Gap Reporting

17. From April 2018, the Council will also publish information regarding its Gender Pay Gap in line with legislative changes under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. At the time of writing the Gender Pay Gap figure is currently being calculated and will be published for the required deadline of 31st March 2018. This figure will be updated annually in line with the requirements for Gender Pay Gap reporting.

Other Revisions to the Pay Policy Statement

18. Other revisions to the proposed Pay Policy Statement for 2018/2019, are summarised as follows:
- (a) Update of Chief Officer salary ranges including the recent decision to delete the post of Chief Executive and replace with Managing Director and Service Director (*Appendix A - paragraph 8*)
 - (b) Update and reference to National Living Wage (*Appendix A – paragraph 26*)

Points to Note

19. The salary scales of Chief Officers referred to in the Pay Policy are correct at the time of writing, and pending pay award for 2018/19 (February 2018).



Pay Policy Statement 2018/2019 (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 Council each financial year. This statement is valid from 1st April 2018 to 31st March 2019.
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 6 from 1st April 2018). The Council does however, apply a local rate supplement of SCP 10 to all employees. This is the lowest salary paid other than National Minimum Wage 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**¹ 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 and the attributable salaries (which are payable from appointment and with incremental progression) are as follows (pay awards pending from 1st April 2018):

Post	Terms	Salary / Salary Band	Other variable Pay
Darlington Borough Council Chief Officers			
<i>Note : the salaries quoted below are based on full time equivalent hours and salary bands correct at December 2015</i>			
Chief Executive	JNC ¹	£153,749 p.a. (Spot Salary) ⁴	None
Managing Director	JNC ¹	£145,000 (Spot Salary) ⁵	None
Director	JNC ¹	£104,427 - £118,051 p.a.	None
Service Director	JNC ¹	£86,840 - £96,358 p.a. ⁵	None
Assistant Director (AD1)	JNC ¹	£72,835 - £87,402 p.a.	None
Assistant Director (AD2)	JNC ¹	£66,592 - £76,997 p.a.	None
Assistant Director (AD3)	JNC ¹	£56,187 - £68,673 p.a.	None
Darlington Partnership	JNC ¹	£52,025 p.a. (Spot Salary)	None
Director of Public Health	VSM ²	£97,000 p.a. (Spot Salary)	None
Public Health Specialist	A4C ³	£55,548 to £67,805 p.a.	None

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

⁴ Post to be deleted w.e.f 31st May 2018 ⁵ Posts to be effective from 1st June 2018

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 states that any salaries / salary packages assigned to new appointments which exceed £100,000 will be subject to full Council vote prior to an appointment being made. 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 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.
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 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.

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 "Local Government Pension Scheme (LGPS) 2014 and Local Provisions Policy" and "Management of Change" Policies set out provisions which apply to all employees, regardless of their level of seniority.
17. 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.
18. As part of making an informed vote on severance / termination payments full Council will be presented with detailed components of severance payments including, where appropriate, salary paid in lieu of notice, redundancy compensation, pension entitlement, holiday pay and any bonuses, fees or allowances paid.
19. The detail of Council voting on severance payments is set out in the Council's Constitution which is available on the Council's internet pages.
20. In line with the proposed Repayment of Public Sector Exit Payments Regulations 2015 and the Public Sector Exit Payments Regulations 2016, the Council will ensure that appropriate procedures are followed to meet the Regulation requirements associated with the Cap on exit payments and the repayment of salary payments by senior officers.

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 and Local Government Transparency Code 2014 which have been published by the Department of Communities and Local Government. These Codes stipulate that Councils should make senior employee salaries available to the public where they exceed £50,000.
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 31st March of the relevant year. This is in line with Accounts and Audit (England) Regulations 2011.
23. The Council also publishes responsibilities (for example, the services and functions Senior officers are responsible for, together with the budget held and the number of staff) for all employees whose salary exceeds £50,000. Employees whose salaries are £150,000 or more will also be identified by name; locally this will only include the Chief Executive.

Remuneration of Lowest Paid Employees within the Council

24. 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.
25. From 1st April 2014, the Council implemented a non-contractual Local Wage Supplement, equivalent to National Joint Council (NJC) Spinal Column Point (SCP) 10. This applies to all employees earning less than SCP 10 with the exception of National Minimum Wage (NMW) Apprentices. The Council will comply with the National Living Wage rate of £7.83 (April 2018) for all its employees.

Relationship between Chief Officer and non-Chief Officer Remuneration

26. The Pay Multiple is calculated in line with the revised Local Government Transparency Code 2014, using the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind) and the median earnings figure of the whole authority's workforce.
27. The Council's Pay Multiple based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals and Community Schools) is;

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2018/2019 ¹	£12,812.46	£1731.12	7.40

¹ – Based on figures 31st December 2017 (December Pay Only)

28. Using December 2017 taxable pay figures, the Pay Multiple based on the Median Hourly Rate was 7.40. The Council will generally aim to ensure that the pay multiple does not exceed ten.
29. In line with the Local Government Transparency Code 2014, the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple will also be calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31st March each year. Pay Multiples will be published on the Council's internet pages alongside other Transparency Code information requirements.

General Principles Regarding Remuneration of Staff

30. 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.
31. 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).
32. The Council will appoint employees based on the best person for the role in line with the Recruitment and Selection policy. The Council does not exclude the re-employment of former employees who have previously worked for the Council and is in receipt of a redundancy / compensation payment.
33. 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.
34. 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.

Helen Whiting
February 2018