

<b>Report of:</b>	<b>Leader of the Council</b>
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<b>Portfolio Leader:</b>	<b>Corporate Improvement</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Council: 25/02/15</b>

**COUNCIL**  
**25 FEBRUARY, 2015**  
**LOCALISM ACT 2011 – PAY POLICY STATEMENT**

**1 Purpose of Report**

- 1.1 The purpose of this report is to agree a Pay Policy Statement for 2015/16 as required by Sections 38 and 39 of the Localism Act 2011.

**2 Recommendations**

- 2.1 That Council approves the Pay Policy Statement as set out in Appendix 1
- 2.2 That Council agrees to the publication of the Pay Policy Statement on the Council's website

**3 Key Issues and Reasons for Recommendation**

- 3.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh Local Authorities to prepare a Pay Policy Statement for 2012/13 and for each financial year thereafter. Section 39 of the Act requires the Statement to be approved by Council by the end of March each year.
- 3.2 The purpose of a Pay Policy Statement is to provide transparency concerning the Council's approach to setting the pay of its employees in line with Chapter 8 of the Localism Act 2011 and the provisions of the guidance issued under S40 (i.e. Openness and accountability in local pay) by identifying:
- A Local Authority's policy on the level and elements of remuneration for each chief officer.
  - A Local Authority's policy on the remuneration of its lowest paid employees (together with a definition of "lowest paid employees").

- A Local Authority's policy on the relationship between the remuneration of its chief officers and its other officers.
- A Local Authority's policy on other specific aspects of chief officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

3.3 For these reasons a pay policy statement has been created for approval and publication

#### **4 Relationship to Corporate Priorities**

4.1 This report supports the Council's Corporate Priorities as follows:

- (i) This report does not contribute directly to corporate priorities but is required for legal compliance with the Localism Act 2011

#### **5 Report Detail**

5.1 Section 38 (1) of the Localism Act 2011 requires English (and Welsh) local authorities to prepare a pay policy statement for 2012/13 and for each financial year after that. The bill as initially drafted referred solely to chief officers (a term which includes both statutory and non-statutory chief officers, and their deputies); but amendments reflecting concerns over low pay and also drawing on Will Hutton's 2011 review of fair pay in the public sector introduced requirements to compare the policies on remunerating chief officers and other employees, and to set out the policy on the lowest paid.

5.2 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.

5.3 In terms of process the Pay Policy Statement

- Must be approved formally by the full Council
- Must be approved by the end of March each year
- Can be amended in-year
- Must be published on the Authority's website (and in any other way the Authority chooses)
- Must be complied with when the Authority sets the terms and conditions for a Chief Officer.

5.4 The Act also requires an Authority to have regard to any statutory guidance on the subject issued or approved by the Secretary of State. Statutory recommendations have been issued on pay multiples (within a wider code of

recommended practice) on data transparency and a broader set of statutory guidance on the publication of pay policy statements. The statutory guidance emphasises that each Local Authority has the autonomy to take its own decisions on pay and pay policies.

- 5.5 The Act sets out that in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive (and seen as such). Each Local Authority will have its own way of balancing those factors, with legitimately differing emphases reflecting differing circumstances.
- 5.6 As well as being required to set out certain of its policies on pay, a Local Authority is required to use the pay policy statement to set out its policies on paying charges, fees (such as for the local returning officer or joint authority duties) allowances and benefits in kind.
- 5.7 Although not required by the Act or statutory guidance, in order to support the need for transparency the pay policy statement should include the percentage rate at which the employers pension contributions have been set for the year in question together with the employee contribution rates.
- 5.8 It should be noted that salaries information contained within the report is based on 2015 rates for Green Book and Red Book personnel for whom a pay award has been made from January 2015. The 2015 pay award for Chief Officers is also included.

<b>6 Implications</b>
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**6.1 Financial**

The approval of the council's pay policy statement does not commit any additional expenditure over and above that approved for the next financial year 2015/16.

**6.2 Legal**

The legal implications are discussed in the main body of this report.

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

Data on Chief Officers pay is regularly published and is already in the public domain

**6.7 Risk Management**

None

**6.8 Equality & Diversity**

Pay and conditions for employees are applied fairly and equitably under the Council's job evaluation scheme. Any differentials arising in pay between employees arise from the job evaluation scheme or from the effect of TUPE protections where applicable.

**6.9 Best Value**

None

**7 Appendices to the Report**

Appendix 1 – Pay Policy Statement 2015/16

**Previous Consideration****Background Papers**

CANNOCK CHASE COUNCIL  
PAY POLICY STATEMENT 2015 - 16

### 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 Cannock Chase Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 and associated guidance, and the Local Government (Transparency Requirements) Regulations 2014. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees in line with Chapter 8 of the Localism Act 2011 and the provisions of the guidance issued under S40 (i.e. ‘Openness and accountability in local pay’) by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- those responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

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 (TUPE).

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 Authority implemented its single status agreement from 1<sup>st</sup> April 2005 covering all employees within the scope of the National Joint Council for Local Government Services (known as the “Green book”). This was approved by Council on 23<sup>rd</sup> February 2005. A single status agreement for Chief Officers within the scope of the Joint Negotiating Committee for Chief Officers of Local Authorities was approved by Council on 29<sup>th</sup> June 2005 and implemented from 1<sup>st</sup> August 2005. A salary scheme for craft employees under the scope of the Joint Negotiating Committee for Local Authority Craft and Associated Employees (known as the “Red Book”) was approved by the Council on 26<sup>th</sup> August 2009 and implemented from 1<sup>st</sup> September 2009.

The minimum and maximum rates of pay of all employees within scope of the Single Status Agreements 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.

The national pay spine and local pay grades are set out at Annex 1. The 'Green Book' and 'Red Book' national conditions of service pay spine salary points were increased with effect from 1<sup>st</sup> January 2015 (the first increase since 2013) in accordance with the outcome of national collective bargaining on pay. With effect from 1<sup>st</sup> April 2015 the Council will implement the living wage, a minimum hourly rate of £7.85 per hour for all employees who are currently earning less than that rate within the current pay structure.

An annual pay award has been agreed for Chief Officers effective from 1<sup>st</sup> January 2015 which is the first annual pay award for this group of employees since 2008. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine (amended only by the Living Wage rate) and any annual cost of living increases negotiated in the pay spine and will implement any amended pay or grading structure that may arise from such national negotiations.

The grading of job roles is determined by reference to the NJC Job Evaluation Scheme and the Hay Evaluation scheme as adopted by the Council. The exception to this is circumstances where, as part of shared service arrangements, employees have transferred to Cannock Chase Council under the TUPE regulations with protected pay and terms and conditions of employment. Those terms and conditions will remain in place until such time as there is an economic, technical or organisational reason for changing them, as is required under the TUPE legislation.

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 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 currently in place effective from 1<sup>st</sup> April 2014. At the time of writing the rates that will apply from 1<sup>st</sup> April 2015 have not yet been published. However, once published they should be available to view on the LGPS2014 website or on the Staffordshire Pension Fund website:

[www.lgps2014.org](http://www.lgps2014.org)  
[www.staffspf.org.uk](http://www.staffspf.org.uk)

Band	Whole-time equivalent pay range	Employee contribution rate (%)
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 are reviewed on a regular basis in order to ensure the scheme is appropriately funded. The current rate is a minimum of 25.9%% for the year ending 2016. (Note; the level of employers contribution is required to be published under S7 of the Accounts and Audit Regulations)

## Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 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 Managing Director. This group also represents all those employees paid over £50k per annum (as required by the Local Government (Transparency Requirements) Regulations 2014). The 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 or JNC for Chief Executives. At the time of writing the details of their annual salary and other additional payments as at 1<sup>st</sup> April 2015 are set out below:

Post	Range/Fixed Salary (£) (Note 4)		Essential Car User Allowance
Managing Director (Note 1)		98000	963
Head of Financial Management (Note 2)	55536	62388	963
Head of Governance (Note 3)	55536	62388	963
Head of Commissioning	55536	62388	963
Head of Housing and Waste Management	55536	62388	963
LEP Consultant (Note 5)	28870	32070	963

Head of Economic Development (Note 3 )	55536	62388	963
Head of Environmental Health	55536	62388	963

Note 1 – Single fixed salary pay point

Note 2 – Responsible for provision of a shared service to another local authority.

Note 3 – Responsible for provision of a shared service to another local authority

Note 4 – All officers are currently paid at the maximum salary point following incremental progression..

Note 5 – Pro-rata values as post holder is part time

The Council's management team no longer includes the post of Head of Policy or Chief Executive as both posts have been deleted. The total cost of management posts covered by note 2 and 3 are shared with another Council under joint shared service arrangements.

The pay structure for Chief Officers 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 or any other employee.

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

In addition to basic salary, as set out below are details of 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.;

- (a) Where appropriate and subject to operational circumstances – for officers who are unable to utilise their full leave entitlement payment for untaken leave is permitted. This discretionary provision applies to all Chief Officers. (Other employees have the option to buy additional annual leave).
- (b) Recognition Payments (including honoraria, acting-up payments, ex-gratia payments) – subject to approval such additional payments are permissible to recognise additional duties and responsibilities which occur over and above normal contractual obligations. The provision of such payments is available to all Council employees dependent on circumstances.
- (c) Chief Officers receive a fixed annual allowance to cover the broadband and hardware costs of accessing critical systems from home (£1377 per annum)
- (a) Returning Officer fees – a range of fees are payable to the Managing Director for his role as returning officer for local elections. The fees are applied according to rates set by Staffordshire County Council for all Local Authorities in Staffordshire. Depending on the type of election fees range from £100.42 per 1,000 or part, thereof, electors for either a standalone district or parish election, to £132.98 per 1,000 or part, thereof, electors for combined district and parish elections. Additionally, there are fees of £15.57 per ward for the issue and receipt of ballot papers; a supervisory fee of £33.50 per ward up to four wards, then £16.75 per ward thereafter, for poll cards; and £48.56 for every uncontested ward for which an election is held for a district or parish councillor(s).

### **Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment/appointment of chief officers is set out in Section 32, of the Council's Constitution (<http://www.cannockchasedc.gov.uk>). When recruiting to all posts 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**

The Councils approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with the provisions of the 2014 Local Government Pension Scheme.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, 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 as not applicable at Cannock Chase Council)
- 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;
- any benefits received that do not fall within the above

### **Lowest Paid Employees**

From 1<sup>st</sup> April 2015 the lowest paid persons employed under a contract of employment with the Council are employed on full time 37 hours equivalent salaries in accordance with the minimum hourly rate currently in use within the Council's grading structure. This is £7.85 per hour, which equates to £15144

per annum. The Council from time to time employs other categories of workers who are not included within the definition of 'lowest paid employees' as they are employed under the Government's national minimum wage legislation dependent on age.

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.

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 was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than **20** times the lowest paid person in the organisation. 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 mean average salary of the whole of the authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (£15,144) and the Managing Director (£98,000) as **1:6.47** and between the lowest paid employee (£15,144) and average Chief Officer (excluding the Managing Director position, £61111) as **1: 4.04**

The multiple between the median full time equivalent earnings (£20849) and the Managing Director is **1: 4.70**) and; between the median full time equivalent earnings (£20849) and average Chief Officer (£61111) is **1: 2.93**

As part of its overall and ongoing monitoring of alignment with 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, 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.

### **Payscale**

The payscale shown in appendix 1 is the national payscale for NJC 'Green Book' staff but is also applied to 'Red Book' personnel under a local agreement. This reflects the Council's recent decision to implement the 'Living Wage' rate of £7.85 per hour for its lowest paid employees.

## Pay Scale – April 2015

		Scp.	Salary as at 1st January 2015	£ per Hr.
Until 01/10/15	↑	5	15144	7.85
	<u>Grade A</u>	6	15144	7.85
	↓	7	15144	7.85
		8	15144	7.85
↑		9	15144	7.85
		10	15144	7.85
<u>Grade B</u>		11	15207.00	7.8822
↓		12	15523.00	8.0460
	↑	13	15941.00	8.2626
		14	16231.00	8.4130
	<u>Grade C</u>	15	16572.00	8.5897
	↓	16	16969.00	8.7955
↑		17	17372.00	9.0044
		18	17714.00	9.1816
<u>Grade D</u>		19	18376.00	9.5248
↓		20	19048.00	9.8731
	↑	21	19742.00	10.2328
		22	20253.00	10.4977
	<u>Grade E</u>	23	20849.00	10.8066
↑	↓	24	21530.00	11.1596
		25	22212.00	11.5131
<u>Grade F</u>		26	22937.00	11.8889
↓	↑	27	23698.00	12.2833
		28	24472.00	12.6845
	<u>Grade G</u>	29	25440.00	13.1862
	↓	30	26293.00	13.6284
		31	27123.00	14.0586
↑		32	27924.00	14.4738
		33	28746.00	14.8998
<u>Grade H</u>		34	29558.00	15.3207
↓		35	30178.00	15.6421
		36	30978.00	16.0567
	↑	37	31846.00	16.5066
		38	32778.00	16.9897
	<u>Grade I</u>	39	33857.00	17.5490
↑	↓	40	34746.00	18.0098
		41	35662.00	18.4846
<u>Grade J</u>		42	36571.00	18.9557
↓		43	37483.00	19.4284
		44	38405.00	19.9063
	↑	45	39267.00	20.3531
		46	40217.00	20.8455
	<u>Grade K</u>	47	41140.00	21.3240
	↓	48	42053.00	21.7972
		49	42957.00	22.2658