

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

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| From: Assistant Director - Corporate Resources | Report Number: S131 |
| To: Babergh Council Mid Suffolk Council | Date of meeting: 25 April 2017 Date of meeting: 27 April 2017 |

PAY POLICY STATEMENT FOR 2017/18

1. Purpose of Report

- 1.1 The Pay Policy Statement being recommended for adoption is attached at Appendix A. Babergh and Mid Suffolk District Councils have a single organisational structure with harmonised pay, grades, terms and conditions of service and have a single pay policy statement which covers both Councils.

2. Recommendations

- 2.1 The Council is asked to approve the proposed Pay Policy Statement for 2017/18 attached as Appendix A to this report.

3. Financial Implications

- 3.1 The pay policy has been produced within existing resources and is the basis on which the 2017/18 budget has been prepared.

4. Legal Implications

- 4.1 The Council is required by the Localism Act 2011 to annually approve and publish a pay policy statement that sets out:
- (a) the remuneration of its chief officers
 - (b) the remuneration of its lowest paid employees, and
 - (c) the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

5. Risk Management

This report is not directly linked to the Councils' Significant Risks, but the key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|--------------|---------|--|
| That the salary ranges for the Chief Officers are set too low to attract suitable candidates or too high resulting in failure to recruit or attracting adverse publicity. | Unlikely (2) | Bad (3) | The salary ranges are based on current market data. |
| Legal risk of non-compliance which makes any appointments null and void. | Unlikely (2) | Bad (3) | Formal approval required and through annual reviews. |
| Unfair application to all staff of pay policy leading to equal pay claims. | Unlikely (2) | Bad (3) | HR involvement to ensure that policy is applied equally. |

6. Consultations

6.1 There is no requirement to consult on this policy statement.

7. Equality Analysis

7.1 The publication of the Pay Policy Statement supports the Council in delivering its equality duty and links closely with the duty to publish workforce data.

8. Shared Service / Partnership Implications

8.1 This is a single pay policy reflecting the integrated workforce across both councils.

9. Links to Joint Strategic Plan

9.1 The pay policy supports our Enabled and Efficient Organisation outcomes.

10. Key Information

- 10.1 The Localism Act 2011 and supporting guidance provide information and detail on the matters that must be included within this statutory pay policy. However, they also emphasise that each local authority has the autonomy to take its own decisions on pay and pay policies. The Pay Policy Statement must be formally approved by Full Council. The statement must be published on the Council's website and it must be complied with when setting the terms and conditions of those in Chief Officer posts.
- 10.2 In the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees, but at the same time needs to avoid being unnecessarily generous.
- 10.3 This Pay Policy Statement includes a policy on:
- a) Level and elements of remuneration for each chief officer (for this Council this is defined as Chief Executive, Deputy Chief Executive, Strategic Directors and Assistant Directors)
 - b) The remuneration of the Council's lowest paid employees
 - c) The relationship between the remuneration of the Council's chief officers and other officers
 - d) Other specific aspects of chief officers' remuneration, remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

11. Appendices

| Title | Location |
|----------------------------------|------------------------|
| Pay Policy Statement for 2017/18 | Attached at Appendix A |

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**BABERGH AND MID-SUFFOLK DISTRICT COUNCILS' PAY POLICY STATEMENT
2017/18**

1. INTRODUCTION

- 1.1 Babergh and Mid Suffolk District Councils recognise 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.
- 1.2 It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market. In particular, it is recognised that senior management roles in local government are complex and diverse, functioning in a politicised environment where often national and local pressures conflict.
- 1.3 The Councils' ability to continue to attract and retain high calibre leaders capable of delivering this complex agenda, particularly during times of financial challenge, is critical if the Councils are to retain and improve their current performance levels and to deliver for local people.
- 1.4 The Councils publish their joint Pay Policy Statement and details of the Chief Officers' remuneration on their websites: www.babergh.gov.uk and www.midsuffolk.gov.uk

2. CONTEXT

- 2.1 Babergh and Mid Suffolk District Councils have an integrated workforce structure, supported by a single pay and grading structure and supporting policies, terms and conditions of service which were achieved through a collective agreement across both Councils.
- 2.2 The national job evaluation scheme for local government was used to create the grading structure for all posts within the operational delivery teams and the management structure.

3. LEGISLATION

- 3.1 Section 38 (1) of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for each financial year.
- 3.2 This document comprises the Pay Policy Statement being recommended for adoption.

3.3 This statement must include the Councils' policy on the following:

- a) Level and elements of remuneration for each chief officer. This is defined by the Councils as Chief Executive (Head of Paid Service), Deputy Chief Executive, Strategic Directors (Non Statutory Chief Officers), Assistant Director Corporate Resources (Section 151 Statutory Chief Officer), Assistant Director Legal and Governance (Monitoring Officer) and Assistant Directors.
- b) The remuneration of the Councils' lowest paid employees
- c) The relationship between the remuneration of the Councils' chief officers and others
- d) Other specific aspects of chief officers' remuneration; remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

4. REMUNERATION OF EMPLOYEES WHO ARE NOT CHIEF OFFICERS

- 4.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services' (commonly known as the 'Green Book'), the Councils currently use a total of 12 pay grades. Posts have been allocated to a pay band through a process of job evaluation.
- 4.2 Each grade has between 1 and 7 increments. The value of the pay increments (known as the 'Spinal Column Points') increases when the Councils are notified of an increased pay award by the National Joint Council for Local Government Services. In addition, the Councils review all pay levels every April, to determine who is eligible for incremental progression.
- 4.3 There is also a group of staff on the 'National Agreement on Pay and Conditions of Service for Local Authority Craft and Associated Employees (commonly known as the 'Red Book'). The Councils use a spot salary for this staff group and all are currently paid at £27,025 per annum (p.a)
- 4.4 For the purpose of this Policy Statement, employees on the lowest increment within the Grade 1 pay band are defined as our lowest paid employees. This is because no employee of the Council is paid at an hourly salary level that is lower than this grade. At 31 March 2017, the full time equivalent (FTE) annual value of the lowest increment used within Grade 1 is £16,191 which is the same as the national Spinal Column Point 11. This rate exceeds the National Minimum Wage and the Living Wage set by the Living Wage Foundation. This excludes apprentices who are paid the National Minimum Wage rates for apprentices.

5. REMUNERATION OF CHIEF OFFICERS

5.1 The Councils share the following posts, which fall within the definition of 'Chief Officer' for the purposes of this Pay Policy:

- Chief Executive (the Councils' Head of Paid Service)
- Deputy Chief Executive
- Strategic Directors x 2
- Assistant Directors x 7

5.2 The Chief Executive and Deputy Chief Executive posts were evaluated in 2016; the remaining posts were evaluated in 2011, using the Local Government Senior Managers' evaluation scheme. The pay grades for these posts were established following recommendations by an independent Local Government Association (LGA) consultant who drew on current data on salary levels within the sector.

5.3 The value of the incremental points or Spinal Column Points within each of the pay grades will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Local Authorities.

5.4 Chief Executive

5.4.1 The Chief Executive is the Councils' head of paid service. As at 31 March 2017, the annual Full Time Equivalent (FTE) salary range for the grade of this post is £110,000 - £128,000. There are five incremental points in the grade.

5.4.2 It is the Councils' policy that the FTE salary range for the post of Chief Executive will normally be no greater than 8 x the FTE salary range of a Grade 1 'Green Book' employee. The FTE salary for the Chief Executive does not exceed this range.

5.4.3 The Chief Executive also receives a Returning Officer fee in respect of District and Parish Council Elections, and a Deputy Returning Officer fee for County Council elections. Each Council has agreed a scale of fees for this function dependent upon the number of contests at any given election. Fees for conducting UK Parliamentary Elections, European Parliamentary Elections and national referenda are determined by way of a Statutory Instrument.

5.5 Deputy Chief Executive, Strategic Directors and Assistant Directors

5.5.1 The Deputy Chief Executive, Strategic Directors, and Statutory Officers report to the Chief Executive. The Assistant Directors for Investment and Commercial Delivery, Planning for Growth, Supported Living, Environment and Projects and Communities and Public Access report to the Deputy CEO or Strategic Directors. As at 31 March 2017, the annual FTE range for the Deputy Chief Executive Officer Grade is £89,659 - £103,335. The Strategic Director Grade is £76,105 - £89,658.

5.5.2 There are five incremental points in each of the grades.

5.5.3 It is the Councils' policy that the FTE salary range for the post of Deputy Chief Executive and the Strategic Director will normally be no greater than 7 x the FTE salary range of a Grade 1 'Green Book' employee. The FTE salary for Deputy Chief Executive Officer and Strategic Director do not exceed this range.

5.5.4 The Assistant Directors (excluding Statutory Officers), report to the Deputy CEO or a Strategic Director. As at 31 March 2017, the annual FTE salary range for the Assistant Director grade is £55,255 - £68,808. There are five incremental points in this grade.

5.5.5 It is the Councils' policy that the FTE salary range for the Assistant Director posts will normally be no greater than 4.5 the FTE salary range of a Grade 1 'Green Book' employee. The FTE salary for Assistant Directors does not exceed this range.

5.5.6 The Councils' Monitoring Officer and Section 151 Officer are shared between both councils at Assistant Director Grade. In addition, there is an allowance for the Council's Monitoring Officer and Section 151 Officer for undertaking a statutory officer role across two councils within the range of £7,742 - £11,354 per annum.

6. **GENERAL PRINCIPLES APPLYING TO REMUNERATION OF CHIEF OFFICERS AND EMPLOYEES**

Recruitment

6.1 On recruitment, individuals (including Chief Officers) will be placed on an appropriate pay increment within the pay grade for the post that they are appointed to. Access to appropriate elements of the Councils' Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

Pay Increases

- 6.2 Pay increments within the grades may increase as a result of the Joint Negotiating Committee for Local Authorities. Individuals (including Chief Officers) may also progress within their pay grade. Individuals cannot progress beyond the top increment within their pay grade. Progression arrangements within the grade will be dependent upon competency and performance.

Termination of Office/Employment

- 6.3 On ceasing to hold office or be employed by the Councils, individuals (including Chief Officers) will only receive compensation:

- (a) in circumstances that are relevant (e.g. redundancy), and
- (b) that is in accordance with our published Policy Statement on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
- (c) that complies with the specific term(s) of a settlement agreement

Additional Remuneration

- 6.4 The Councils do not currently pay market supplements, but will keep pay under review and may develop a policy on this if required.

- 6.5 The Councils do not pay honoraria awards

- 6.6 The Councils pay Essential and Casual Car User allowances in accordance with agreed policy. The rates for essential car user mileage are based on the rates set by the National Joint Consultative Council for Local Government Services. The Councils only apply the rates up to a 1199cc engine size; and do not pay the 1200cc to 1450cc (i.e. the top band). The rates for casual car user mileage are based on the rates set by HMRC. There are also rates in force for individuals who use their bicycle or motorcycle which are also based on the rates set by HMRC.

- 6.7 Subsistence allowances that are paid will be determined locally.

- 6.8 Chief Officers are not paid a bonus or any other performance-related pay.

7. REVIEW

- 7.1 The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each financial year. Our next Statement is scheduled to be for 2018/19 and will be submitted to Full Council for approval.

- 7.2 If it should be necessary to amend this 2017/18 Statement during the year that it applies, an appropriate resolution will be made to Full Council.