

## Policy Purpose/statement/reason for being...

E.G - MIP is designed to strengthen the effectiveness of individual's contribution to the Council's success.

# Pay Policy Statement 2017/18

## Purpose

To set out the Council's Pay Policy to support the recruitment and retention of a capable and high performing workforce committed to the Council's Values in line with the requirements of the Localism Act 2011.

## Document Control

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Derby City Council



## 1. Policy application

This Policy Statement sets out the Council's policy with regards to:

- the remuneration of Chief Officers
- the remuneration of the lowest paid employees
- the relationship between Chief Officers' remuneration and that of other employees

'Remuneration' for the purposes of this statement includes the following elements:

- basic salary
- bonuses
- pension increase or enhancement
- benefits in kind
- all other allowances arising from employment
- severance payments

For the purposes of this Statement the Council regards its 'Chief Officers' as:

Chief Executive and Head of Paid Service

Strategic Directors (2 posts)

Service Directors (15 posts of which 3 are currently filled on an 'Acting Up' basis).

This Policy Statement does not include teaching staff in community schools as they fall outside of the scope of the Localism Act. As terms and conditions for non-teaching support staff were harmonised as part of the Single Status Agreement in 2016 this statement now includes non-teaching support staff.

## 2. Principles

Sections 38 – 43 of the Localism Act 2011 require that the authority produce a Policy Statement that covers a number of matters concerning the pay of the authority's employees, principally Chief Officers.

This Policy Statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act.

Any decision under powers delegated in the Council Constitution with regard to remuneration to be taken in 2017/18 must comply with this Statement.

The Director of Governance must be consulted prior to any decision impacting on remuneration where there is a question regarding compliance with this Statement.

### 2.1 Publicity

This Policy also has some connection with the data on pay and rewards for staff which the Council publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under the Accounts and Audit (England) Regulations 2011. It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are

summarised at Appendix 2.

## **2.2 Remuneration subject to national and local determination**

The Council is a member of the Local Government Employers' Organisation for national collective bargaining in respect of Chief Executive and Head of Paid Service, Chief Officers and other employees. There are separate negotiations and agreements in respect of each of these groups of employees and changes to rates of pay arising from these negotiations normally take effect from 1 April each year.

## **2.3 Policy on remunerating Chief Officers**

The Council's policy on remunerating Chief Officers is set out in the schedule attached to this Policy Statement at Appendix 3. It is the policy of the Council to establish remuneration packages for Chief Officer posts which are sufficient to attract and retain senior managers with the appropriate skills, knowledge, experience, abilities and qualities that are consistent with the Council's requirements of the post at the time in question.

## **2.4 Policy on remunerating the lowest paid in the workforce**

The Council applies terms and conditions of employment that have been negotiated and agreed through recognised collective bargaining mechanisms (national or local) or as a consequence of Council decisions, these are then incorporated into contracts of employment. The lowest pay point applied by the Council is Grade A which equates to a full time equivalent annual salary of £15,807.

Grade A is the Council's minimum earnings level which currently equates to £8.19 per hour but as the Council has voluntarily agreed to pay the Living Wage Foundation rate for this year - the lowest hourly rate earned equates to £8.45. This is compared to the National Living Wage implemented on 1<sup>st</sup> April 2017, of £7.50 per hour for all employees above 25 years of age.

On 1<sup>st</sup> June 2016, the Council implemented a job evaluation scheme as part of its commitment to the Single Status Agreement. Implementation of the Job Evaluation Scheme meant that remuneration for each job role was subjected to an objectively evaluated role profile. The evaluated score was used to determine the grading level paid within a locally agreed pay spine based on the median value. The Council uses the Hay Methodology for all job roles.

## **2.5 Policy on the relationship between Chief Officer remuneration and that of other staff**

The highest paid salary in the Council is £163,216 which is paid to the Chief Executive and Head of Paid Service. The average salary level for a 'full time equivalent' employee in the Council, including school support staff, is £23,533. The ratio between these two salaries, the 'pay multiple' is 1:6.9.

The Council does not have a policy on maintaining or reaching a specific 'pay multiple' as this cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required. However the Council is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Council as expressed in this Policy Statement.

The Council's approach to the payment of other employees is to pay that which the Council needs to pay to recruit and retain a workforce which has the skills, knowledge, experience,

abilities and qualities required for each post at the relevant time, and to ensure that the Council meets all of its contractual commitments for employees, including the application of any local or national collective agreements. Additionally the Council is committed to ensuring that its rates apply to all workers over 18 – in recognition that young people face the same living costs as everyone else. Paying the Living Wage ensures that the lowest earners have enough to live on which is good for business, good for the individual and good for society.

## **2.6 Policy on other aspects of Chief Officer remuneration**

Other aspects of Chief Officer remuneration are covered by this Policy Statement, these other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, bonuses, termination payments, transparency and re-employment when in receipt of an Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are addressed in the schedule attached to this Policy Statement at Appendix 4.

## **2.7 Approval of Salary Packages in excess of £100,000**

Guidance issued by the Department for Communities and Local Government (February 2013) suggests that an Authority should allow full Council to vote before “large salary packages” are offered in respect of a new appointment. The amount to be treated as a threshold for this is suggested at £100k. As reported in this Pay Policy Statement, only the posts of Chief Executive and Head of Paid Service, Strategic Director of People and Strategic Director of Communities and Place attract salaries above this threshold. The appointment to the post of Chief Executive and Head of Paid Service is approved by Full Council and the remaining two posts are approved by Council Cabinet and taken to Full Council for consideration upon conclusion of the recruitment/selection appointment process. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

## **2.8 Termination Payments**

The Council’s policy on redundancy payments and discretionary powers it applies under pension regulations will be applied fairly and consistently across the organisation. Any termination payment in excess of £95,000 will require formal approval by the Leader of the Council, with a subsequent report to Council to note the decision. Further guidance is given in Appendix 4.

## **2.9 Policy for future years**

This Policy Statement will be reviewed annually and will be presented to Full Council each year for consideration in order to ensure that a Policy is in place prior to the start of each financial year.

# **3. Roles and responsibilities**

The roles and responsibilities of key stakeholders are summarised in Appendix 1.

## **Appendices**

1. Roles and Responsibilities
2. Other Data Publication requirements
3. Policy on remunerating Chief Officers
4. Policy on other aspects of Chief Officer remuneration

## Appendix 1 - Roles and Responsibilities

Interim Chief Executive & Chief Officers	Managers	Employee	Human Resources
<b>Every employee must use the procedure and guidance on iDerby</b>			
<b>Fairness and equality</b>			
To ensure this policy is implemented in a fair, consistent and non-discriminatory manner	To provide reasonable adjustments as required	To notify managers of reasonable adjustments required	Provide advice and guidance to managers and employees
<b>General operation of the scheme</b>			
To ensure managers carry out their responsibilities			Provide advice and guidance to managers and employees.
<b></b>			

## Appendix 2 - Other Data Publication Requirements

The Secretary of State for Communities and Local Government Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse consent to this) job descriptions, responsibilities, budgets, (including overall cost of staff reporting) and numbers of staff in receipt of a salary of more than £50,000
- An organisational chart of the staff structure of the authority, including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

The Accounts and Audit (England) Regulations (2011) require that the following data is included in the Council's accounts:

- Numbers of employees with a salary above £50,000 per annum (pro-rata for part-time staff) in multiples of £5,000
- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act
- Names of employees paid over £150,000 per annum

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the Council's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension

## Policy on Remunerating Chief Officers – Appendix 3

Post	Base Salary	Expenses	Bonuses	Performance Related Pay (PRP)	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive and Head of Paid Service  Paul Robinson	£163,216	Travel and other expenses are re-imbursed through normal Council procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide for PRP, however, strong performance management arrangements are in place to ensure high performance from the post holder	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the post holder to receive any ex-gratia payments	The post holder acts as Deputy Returning Officer for local and national elections and referendum and he is be paid the standard rate for that role for a local election. A Deputy Retuning Officer fee is paid by the Returning Officer for all non-local elections and referendum. The Returning Officer fee is set by Central Government and therefore not related to Derby City Council's terms and conditions. Local election fees are approved by Full Council.	There are no payments related to joint authority duties	The Council's normal policies regarding redundancy and early retirement apply to the post holder. No payment is anticipated for 2017/18..
Director of Public Health	£98,949.97	Travel and other expenses are re-imbursed through normal Council procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide for PRP, however, strong performance management arrangements are in place to ensure high performance from the post holder	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the post holder to receive any ex-gratia payments	The post holder receives no special payment for elections but if he participates he will be paid the standard for that role. All election fees are approved by Full Council	There are no payments related to joint authority duties	The Council's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year and none are anticipated for 2017/18.

Post	Base Salary	Expenses	Bonuses	Performance Related Pay (PRP)	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Strategic Directors (2 posts)	Salary range £110,257 - £121,280  An additional payment of £5,343 is paid to the Deputy Chief Executive	Travel and other expenses are re-imbursed through normal Council procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide for PRP, however, strong performance management arrangements are in place to ensure high performance from post holders	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for post holders to receive any ex-gratia payments	Post holders receive no special payment for elections but if they participate they will be paid the standard for that role. All election fees are approved by Full Council.	There are no payments related to joint authority duties	The Council's normal policies regarding redundancy and early retirement apply to post holders. No payments were made in the last year and none are anticipated for 2017/18.
Service Directors (15 posts of which 3 are Acting Up)	Salary range £70,430 - £83,223	Travel and other expenses are reimbursed through normal Council procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide for PRP, however, strong performance management arrangements are in place to ensure high performance from post holders	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for post holders to receive any ex-gratia payments	Post holders receive no special payment for elections but if they participate they will be paid the standard fee for the role they perform. These fees are approved by Full Council. NOTE: The Director of Governance is appointed as the Council's Returning Officer for local and national elections and referendum. The Returning Officer fee for all non-local elections is set by Central Government and therefore not related to Derby City Council's terms and conditions	There are no payments related to joint authority duties	The Council's normal policies regarding redundancy and early retirement apply to post holders. No payments were made in the last year and none are anticipated for 2017/18.

## Appendix 4

### Policy on other aspects of Chief Officer remuneration

Aspect of Chief Officer Remuneration	Council Policy
Recruitment	Vacant posts are advertised and appointed to at the appropriate approved salary for the post in question level, unless there is demonstrable evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the Council's policy and any variation will be approved through the appropriate Council decision making process.
Pay Increases	The Council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The Council will also apply any pay increases that are as a result of Council decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are inherent in senior posts.
Additions To Pay	The Council would not make additional payments beyond those specified in the contract of employment.
Performance Related Pay	The Council does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.
Bonuses	The Council does not pay bonus payments to senior officers.
Termination Payments	The Council applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The Council also applies the appropriate Pensions regulations when they apply. The Council has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by the Council regarding senior officers are published in the Council accounts as required under the Accounts and Audit (England) Regulations 2011.
Transparency	The Council meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	The Council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The Council will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The Council will therefore consider all applications for candidates to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not preclude them from being re-employed by the Council. Clearly where a former employee left the Council on redundancy terms then the previous post has been deleted and the individual cannot return to that post as it will no longer exist. The Council will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.