

County Council

Report Title:	Pay Policy Statement 2017/2018
Meeting Date:	16 March 2017
Lead Councillor(s):	Councillor Jane Storey
Local Councillor(s):	All
Director:	Geoff Dobson, Director of Resource Management
Assistant Director or Head of Service:	Sally Marlow, Head of Human Resources (HR) 07921 406796 sally.marlow@suffolk.gov.uk
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Brief summary of report

1. The purpose of this paper is to seek the approval of the County Council to the proposed Pay Policy Statement 2017/2018

Action recommended

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| <ol style="list-style-type: none"> 2. That the Pay Policy Statement for 2017/2018 is approved. 3. That the Director of Resource Management is delegated authority to amend the Pay Policy Statement to reflect any legislative changes during 2017/2018. |
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Reason for recommendation

4. Section 38 (1) of the Localism Act 2011 requires the Council to produce a Pay Policy Statement for each year. This statement is for the year 2017/2018.
5. The Pay Policy Statement:
 - a) must be approved by the County Council by the end of March each year;
 - b) may be amended during the financial year;
 - c) must be published on the Council's website;
 - d) must be complied with when setting the terms and conditions of Chief Officer employees.
6. The Pay Policy Statement must include the following information:
 - a) the policy on the level and elements of remuneration for Chief Officers;
 - b) the remuneration of the lowest paid employees;
 - c) the relationship between the remuneration of Chief Officers and other officers; and

- d) other aspects of Chief Officer remuneration, fees and charges and other discretionary payments.
- 7. Remuneration in this context is defined widely to include pay, charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.

Alternative options

- 8. It is a requirement on the Council to produce a Pay Policy Statement; therefore, there are no alternative options.

Who will be affected by this decision?

- 9. The decision has no effect on any employees.

Main body of report

- 10. The Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to attract and retain high quality employees, dedicated to public service, whilst avoiding being unnecessarily generous or otherwise excessive.
- 11. Local authorities can determine their own pay structures to address local priorities and to compete in the local labour market.
- 12. The Pay Policy Statement covers the remuneration arrangements for staff from Chief Executive to Senior Manager level. This includes the Chief Executive, Directors, Assistant Directors and Senior Managers. In line with guidance published by the Local Government Association, it does not include information relating to staff in schools.
- 13. The Pay Policy Statement only details remuneration levels for staff directly employed by the Council.

Chief Executive

- 14. The Chief Executive is the Council's Statutory Head of Paid Service (section 4(1) of the Local Government and Housing Act 1989) and is paid £170,000 per annum.
- 15. The salary is a "spot salary" which means that it does not attract incremental progression. Under current arrangements, any change to the pay level of the role of Chief Executive needs to be agreed by the Staff Appointments Committee. The Staff Appointments Committee meets on demand, includes one member of the Cabinet, and has representation from the larger political groups through the proportionality rules.
- 16. There are no additional charges, fees, allowances, bonus, performance, or ex gratia payments in place for this role.
- 17. The Chief Executive has been appointed to the post of Returning Officer for the Council which attracts an allowance equivalent to £17.51 per seat whether contested or not for each election.
- 18. Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives national conditions.

Corporate Directors

19. The salary structure for Directors is set locally through the Staff Appointments Committee and ranges from £105,000 to £145,000. New appointments to this level are on a “spot salary” basis and do not attract incremental progression.
20. With the exception of the Chief Fire Officer’s post, roles are evaluated at Director level through the nationally-recognised Hay job evaluation framework. The Chief Fire Officer’s post is evaluated in accordance with the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services.
21. In the main, other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Officers national conditions. The Chief Fire Officer has conditions as set under the National Joint Council for Brigade Managers of Fire and Rescue Services.

Assistant Directors, Senior Managers and equivalent

22. The salary ranges for Assistant Directors and Senior Managers for 2017/2018 are as follows:
 - a) Assistant Director - £70,855 - £100,745
 - b) Senior Manager - £57,527 - £67,007
 - c) NHS Public Health Medical Consultant grades: £76,761 - £ 103,491
NHS non-Medical Consultant grades: £67,247 – £83,248
 - d) Deputy Chief Fire Officer: £94,788
23. Roles are evaluated through the Hay job evaluation framework, except for those senior staff within the Fire and Rescue Service and Public Health. The Fire and Rescue Service roles are evaluated in accordance with the National Joint Council for Brigade Managers of Fire and Rescue Services and the NHS roles were evaluated under the Agenda for Change job evaluation process.
24. Other Conditions of Service are as prescribed both by the Joint National Council (JNC) for Local Authority Chief Officer’s national conditions as well as local arrangements within the Council. Senior staff within the Fire Service have conditions as set under the National Joint Council for Brigade Managers of Fire and Rescue Services: Scheme of Conditions of Service.
25. Further information relating to Officer remuneration is updated annually and is available in the Council’s Statement of Accounts and Transparency data.

Salary Structure

26. The salary structure for the rest of the workforce was determined through the Council’s Single Status Agreement in 2002. There are eight grades ranging from £14,761 to £58,164.
27. All annual salaries and annual allowances are paid pro rata to part time employees based on the hours contracted to work.
28. Apprentices are paid outside of the grading structure and in accordance with the national pay rates for Apprentices.

29. For the purposes of the Pay Policy Statement 2017/2018, the lowest paid full time equivalent basic pay of £16,302 is used to determine the local definition of 'lowest paid'.
30. On 01 June 2014 the Council implemented the Living Wage, as defined by the Living Wage Foundation, for all directly employed staff in the corporate workforce, and the pay of any Single Status employee who was paid less than the Living Wage was increased to the lowest Spinal Column Point above the Living Wage. This is an enhanced rate to the National Living Wage which came into force for employees aged 25 and over from April 2016.
31. On 01 November 2016 the Council moved to having a Spinal Column Point equivalent to the Living Wage, rather than moving Single Status employees to the nearest Spinal Column Point above the Living Wage.
32. The action taken by the Council means that should any services be externalised, the current terms and conditions will transfer with the staff including the current pay levels.
33. The salaries associated with Spinal Column Points increase as determined by the NJC national pay negotiations and have increased by 1% in 2017/2018.
34. Posts up to and including Grade 8 are evaluated using the NJC Job Evaluation Scheme, which is recognised by employers and trades unions nationally. This scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements.
35. In recognition that the Council has challenging savings targets and a desire to protect front-line services, the Council entered into a collective agreement with UNISON in relation to pay in December 2013. From this agreement, all Single Status and JNC employees' pay has been frozen at their current Spinal Column Point until the end of the 2017/2018 performance year; the provisions of the previous Incremental Progression Scheme have ceased. The Council will review the position prior to the 2018/2019 performance year and work has commenced in this area.

Pay relationships

36. The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner (the person in the middle of all earners) has been recommended to support the principles of Fair Pay (Will Hutton 2011) and for transparency.
37. The current pay ratio when measured against the median average is 1:6.8. This means that the Chief Executive (top earner) earns six times more than the Council's median earner (for which the rate is £24,717); and when measured against the lowest paid it is 1:10.4. (for which the rate is £16,302)
38. These multipliers are monitored each year.

Allowances, fees and benefits in kind

39. Access to the Council's Relocation scheme may be granted in certain cases when it is necessary for a new starter to move to the area. This requires

authorisation from the Chief Executive and / or Staff Appointments Committee for Chief Officer appointment and Directors for all other posts.

40. Other allowances and benefits typically follow nationally agreed rates. Locally agreed arrangements are detailed on askHR for staff and Councillors.

Pay on appointment across the organisation

41. All new external appointments will be made at the lowest Spinal Column Point of the relevant grade, save in exceptional circumstances. The decision as to whether exceptional circumstances exist will be made by the relevant Assistant Director.

Pensions

42. Under Automatic enrolment rules staff who are between 22 years old and State Pension age and whose earnings exceed the equivalent of £10,000 per annum in any given period of pay will be automatically put into a pension scheme. The Council will pay the relevant employer contribution for the time these individuals are in the scheme, in addition to the contributions made by employees.
43. The Council pays into the following pension schemes:
 - a) Local Government Pension Scheme
 - i) The Local Government Pension Scheme changed from a Final Salary scheme to a Career Average Revalued Earnings scheme on 01 April 2014. All benefits accrued before April 2014 are protected in that they will continue to be based on the employee's final salary. Individuals can opt to pay half contributions for half a pension in the 50/50 scheme and will still receive full ill health and death benefit cover and the Council will continue to contribute the full rate of employer's contributions. The Local Government Pension Scheme determine these terms.
 - b) Fire-fighters Pension Scheme 1992
 - c) Fire-fighters Pension Scheme 2006
 - d) Fire-fighter Pension Scheme 2015
 - i) The Fire-fighters Pension Scheme 2015 is a Career Average Revalued Earnings scheme. Fire-fighters who are members of the 1992 Scheme and were aged 45 or over at 01 April 2012 are protected from the changes and remain in their current Final Salary scheme.
 - e) Teachers' Pension Scheme
 - i) The Teachers' Pension Scheme became a Career Average Revalued Earnings scheme on 01 April 2015. Teachers' who were within 10 years of their normal pension age at 01 April 2012 are protected from the changes and remain in the Final Salary scheme.
 - f) NHS Pension Scheme
 - i) The NHS Pension Scheme became a Career Average Revalued Earnings scheme on 01 April 2015. NHS Pension Scheme members

who were within 10 years of retirement at 01 April 2012 are protected from the changes and remain in the Final Salary scheme until they retire.

Severance and Termination Arrangements

44. The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006; the Council's Pension arrangements are in accordance with decisions taken at the County Council meeting on 14 September 2006 (CC06/30) and the Organisational Change Management Policy.
45. The Pay Policy Statement determines that staff, paid £50,000 or more whilst in employment, and who left the Council for reason of redundancy or with a discretionary payment, will not ordinarily be re-employed by the Council within 12 months of leaving.
46. Re-employment includes interim and consultant role or any form of worker, engaged directly or indirectly through an agency, contract for services or similar.
47. The purpose of this is to ensure management take all reasonable steps to minimise redundancies, to maximise redeployment opportunities for current staff and to proactively manage people costs.
48. Exceptions to this will be considered by the Head of HR in the following circumstances:
 - a) Roles which are typically hard to fill.
 - b) Situations where the individual has been reskilled and is applying for a different role based on these new skills.
 - c) Where an employee has been made compulsory redundant.
49. If the Head of HR approves the candidate for short listing, a full selection process must be completed.
50. Staff paid less than £50,000 may be re-employed by the Council after a month and a day of leaving.

Recovery of exit payments

51. The Small Business, Enterprise and Employment Act 2015 requires that where a person returns to any part of the public sector (not just the area they left) after they have received a public sector exit payment within the previous 12 months, they will be required to repay the exit payment, net of tax paid. This will apply to all public sector employees and office holders earning over £80,000 per annum.
52. It is expected that this will come into force during 2017/2018 and will be reflected in the Pay Policy Statement at that time.

Public Sector Pay Cap

53. S41 of the Enterprise Act 2016 places a £95,000 cap on exit payments to individuals in the Public Sector. The cap includes all payments in relation to all exits, including pension strain costs.
54. It is expected that this will come into force during 2017/2018 and will be reflected in the Pay Policy Statement at that time.

Decision Making

55. Decisions on salary structures are made as follows:
 - a) Decisions relating to the Chief Executive, Designated Officers and Director's basic salaries are approved by Staff Appointments Committee which is a public committee; decisions affecting other staff at a senior level are made by the relevant Director. All papers pertaining to Staff Appointments Committee are available on the Council website for public scrutiny except for Part 2 papers which are shared with committee members under confidential cover.
 - b) The Constitution defines that the salary and grading structures of all posts below that of Senior Manager level is delegated to the Head of HR, subject to observance of appropriate procedures and rights of appeal.

Gender Pay Reporting

56. With effect from 01 April 2017, the Government has introduced the requirement for employers to publish information relating to the pay of employees for the purpose of showing whether, by reference to prescribed factors, there are differences in the average pay of male and female employees organisationally, rather than looking at the rate of pay being paid to individuals doing the same job at the same grade. The regulations prescribe descriptions of employees, how to perform the relevant calculations and the time, form and manner of the publication.
57. From 01 April 2017 the Council are required to collect and record the relevant data to allow this information to be published and the information should be published within 12 months of 01 April 2017.
58. The Council will include this information as part of our Transparency Reporting which is published annually, in October.

Disclosure

59. This Pay Policy Statement will be published on the Council's website.

Review

60. The Pay Policy Statement will be reviewed during 2017/2018 with any necessary legislative changes which must be made, being delegated to the Director of Resource Management for approval.

Conclusion

61. In conclusion, it is recommended that:

- a) That the Pay Policy Statement for 2017/2018 is approved.
- b) That the Director of Resource Management is delegated authority to amend the Pay Policy Statement to reflect any legislative changes during 2017/2018.

Sources of further information

- c) The Council's Statement of Accounts are available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/budget-council-tax-and-finance/council-accounts/>
- d) The Council's Transparency Data relating to staff salaries is available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/council-data-and-transparency/>
- e) Details relating to the Staff Appointments Committee are available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/committees/staff-appointments-committee/>
askHR is accessible at the following link:
<https://askhr.suffolk.gov.uk/corporate/>
- f) The Pay Policy Statement 2016/2017 is available at the following link:
http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271181b5c008&qry=c_committee%7e%7eCounty+Council%7c%7cc_date_of_meeting%7e%7eBefore%7c%7cf_c_date_of_meeting%7e%7e%7c%7ct_c_date_of_meeting%7e%7e%7c%7ctitle%7e%7e%7c%7cc_doc_type%7e%7e%7c%7cFreeTxt%7e%7e%7c%7c