



Derby City Council

**Personnel Committee
5 November 2015**

ITEM 5

Report of the Leader of the Council and Cabinet
Member for Policy and Strategy

Interim Pay Policy Statement – 1 October 2015 – 31 March 2016

SUMMARY

- 1.1 This report sets out the Council's Interim Pay Policy Statement for the period 1 October 2015 to 31 March 2016.
- 1.2 The report includes the appointment of the Chief Executive and Head of Paid Service, the interim arrangements for the Strategic Director – Children Services, the Strategic Director – Adult Services and the Strategic Director – Communities and Place.
- 1.3 The recruitment of the two new posts in the new senior management structure, namely Strategic Director – People Services and Strategic Director – Communities and Place are currently underway and it is anticipated that successful candidates will be in place from April 2016.

RECOMMENDATION

- 2.1 To approve the Pay Policy Statement for the period 1 October 2015 to 31 March 2016.

REASONS FOR RECOMMENDATION

- 3.1 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.
- 3.2 To comply with Section 38 (1) of the Localism Act 2011.

SUPPORTING INFORMATION

- 4.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement on an annual basis. The Interim Pay Policy Statement attached at Appendix 2 meets the requirements of the 'Openness and Accountability in Local Pay: Guidance under section (40) of the Localism Act' and Supplementary guidance.
- 4.2 The Act requires the policy to be considered by a meeting of Full Council and cannot be delegated to any sub committee. All decisions on pay and reward made in 2015/16 must comply with the Pay Policy Statement. The statement may be amended but must then again be agreed by Full Council.
- 4.3 The Interim Pay Policy Statement was approved by Full Council in March 2015. A number of changes to the senior management structure have subsequently been implemented meaning that a further Interim Pay Policy Statement is required for the period 1 October 2015 to 31 March 2016.

OTHER OPTIONS CONSIDERED

- 5.1 None – the Council must publish a Pay Policy Statement to comply with the Localism Act 2011.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry – Director of Governance (Monitoring Officer) Martyn Marples – Director of Finance (S151 Officer) Diane Sturdy – Interim Head of Service – Organisational Development N/A Director of Strategic Services and Organisational Development N/A
For more information contact: Background papers: List of appendices:	Sue Farmery 01332 643726 susan.farmery@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Revised Pay Policy Statement – 1 Oct 2015 – 31 Mar 2016

IMPLICATIONS

Financial and Value for Money

- 1.1 See Item 3.1 and 3.2.

Legal

- 2.1 To comply with Section 38 (1) of the Localism Act 2011.

Personnel

- 3.1 HR is responsible for writing the policy and uploading onto the Council's website.

IT

- 4.1 None

Equalities Impact

- 5.1 An Equality Impact Assessment was completed for the Senior Management Restructure to retain fairness and equality for all. In addition, all recruitment and selection follow our equality and diversity principles.

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 None

Property and Asset Management

- 8.1 None

Risk Management

- 9.1 By following Section 38 (1) of the Localism Act 2011, will minimise any potential risks.

Corporate objectives and priorities for change

- 10.1 A skilled and motivated workforce.



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Appendix 2

Interim Pay Policy Statement – 1 October 2015 to 31 March 2016





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 Section 38 (1) of the Localism Act 2011.

Document Control

Implementation date	1 April 2015
Author	Sue Farmery – HR Adviser
Handbook/master list updated	Version 1.4
Revised/updated	1 October 2015 to 31 March 2016



1. Introduction

This document sets out the interim Pay Policy for Derby City Council for the period, 1 October 2015 to 31 March 2016, following the interim Pay Policy Statement issued earlier this year

The purpose of the statement is to provide transparency with regard to the Council's approach to pay of its Chief Officers and employees.

2. Principles

This Policy Statement meets the requirements of the Localism Act 2011 and also meets the requirements of the 'Openness and Accountability in Local Pay: Guidance under section (40) of the Localism Act' and Supplementary guidance.

The Act requires the policy to be considered by a meeting of Full Council and cannot be delegated to any sub-committee. All decisions on pay and reward made in 2015/16 must comply with the pay policy statement. The statement may be amended but must then again be agreed by Full Council.

3. Scope

This Policy Statement does not including teaching staff in community schools as they fall outside of the scope of the Localism Act.

4. Definitions (need to list statutory posts separately)

Chief Officer – as defined by the Local Government and Housing Act 1989 and for the purpose of this statement includes:

- Chief Executive and Head of Paid Services
- Directors (15 posts)
- Acting Strategic Director – Adults & Health
- Acting Strategic Director – Children & Young People
- Acting Strategic Director – Communities & Place

'Lowest Paid' Employee – is defined as employees on Grade 5 with a basic pay of £13,500. The bulk of the workforce is employed on the Local Government Scheme (LGS) terms and conditions.

'Other Aspects' of Chief Officers Pay – is 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.



5. Publicity

This Policy has a connection with pay and reward data for employees which the Council publishes under the 'Code of Recommended Practice for Local Authorities on Data Transparency' and the Accounts and Audit (England) Regulations 2011.

It should be noted that the requirements to publish data under the Secretary of State guidance and the Code of Practice differ. Therefore the data requirements of the Code of Practice and the Accounts and Audit Regulations 2011 are summarised at Appendix 2.

6. Annual Pay Award

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

7. Policy on pay for Chief Officers

The Council's policy on pay for Chief Officers is set out in Appendix 3, for the period 1 October 2015 to 31 March 2016.

It is the policy of the Council to establish pay packages for Chief Officer posts which attract and retain senior managers with the skills, knowledge, experience, abilities and qualities consistent with the requirements of the post.

8. Policy on pay for the 'lowest paid employees' in the workforce

The Council's pay and grading structure commences at Grade 1 representing a salary of £15,207.

The Council also employs a small number of apprentices who are not included within the definition of 'lowest paid' employees as they are under specific trainee contract terms.

For school based staff there is a variation to the lowest pay point applied, the spinal column point 5 relates to a full time equivalent salary of £13,500. The variation reflects the current review of the pay and grading structure for support staff in schools.

9. Policy on the relationship between Chief Officer Pay and that of other employees

The highest paid salary in the Council is £160,000 which is paid to the Chief Executive. The median salary level for a 'full time equivalent' employee in the Council is £19,048. The ratio between these two salaries, (the pay multiple) is 1:8:40.



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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 role 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 organisation.

The Council's approach to the payment of other employees is to pay that which will recruit and retain a workforce which has the skills, knowledge, experience, abilities and qualities required for each post, and to ensure that the Council meets all of its contractual commitments for employees, (including the application of any local or national collective agreements).

10. Policy on other aspects of Chief Officer Pay

Other aspects of Chief Officer Pay are covered by this Policy Statement and are addressed in Appendix 4.

11. Approval of Salary Packages in excess of £100,000

Before an offer of employment is made to the preferred candidate, the appointment and any salary package above £100,000, will be approved by Full Council. 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.

12. 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 £100,000 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.

How the Council exercises the various discretions provided by the Local Government Pension Scheme can be accessed by the following link: <https://iderby.derby.gov.uk/human-resources/starters-leavers-changes/pay-and-expenses/pension-scheme/>

13. Policy for future years

This Policy Statement will be reviewed annually and will be presented to Full Council each year for final approval.





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14. Roles and responsibilities

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

15. 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





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Appendix 1 - Roles and responsibilities

Chief Executive, Acting Strategic Directors, Service Directors and Heads of Service	Managers	Employee	Human Resources
Fairness and equality			
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
General operation of the scheme			
To ensure managers carry out their responsibilities			Provide advice and guidance to managers and employees.



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



Appendix 3 - Policy on Pay for Chief Officers

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Post	Base Salary	Expenses	Bonuses	Performance Related Pay (PRP)	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive and Interim Head of Paid Service Paul Robinson	£160,000	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 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 6 months and none are anticipated for 2015/16.
Acting Strategic Directors (3)	£108,084 - £118,890	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 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 interim arrangements for the current 3 Acting Strategic Directors will cease on 31 March 2016 and be replaced by: Strategic Director – People Services and Strategic Director – Communities & Place and Head of Paid Service



Post	Base Salary	Expenses	Bonuses	Performance Related Pay (PRP)	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Director of Public Health	£97,000	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 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 2015/16.
Service Directors (14 posts)	Salary range £69,043 - £81,583	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	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 2015/16.
Head of Service posts earning in excess of £50,000 (44 posts)	Salary range £51,475 - £63,819	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	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 2015/16.



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. However all employees, including senior employees, will normally be appointed to the minimum point of the pay grade for the job. In certain cases it may be appropriate to appoint to a higher point in the pay grade, this may arise when, for example, the preferred candidate for the job is or has been, in receipt of a salary at a higher level than the grade minimum.
Pay Increases	The Council will apply any pay increases that are agreed by relevant national negotiating bodies. Secondly 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 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 payment 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 2011, 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 to ensure the best candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not prevent 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. 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.