

PAY POLICY STATEMENT FOR 2015/16

1. Purpose of the Policy

- 1.1 The council is required by ss38 to 43 of the Localism Act 2011 to produce an annual pay policy statement. It must be approved by Full Council each year, and must then be published on the council's website.
- 1.2 The statement sets out the council's policy with regard to:
- The remuneration of chief officers (as defined in 4.1);
 - The remuneration of the lowest paid employees (as defined in 6.2); and
 - The relationship between chief officers' remuneration and that of officers' (who are not chief officers).
- 1.3 Remuneration includes salary or payment under a contract for services, expenses, bonuses, performance related pay and severance payments.
- 1.4 The objectives of this policy are:
- 1.4.1 To set remuneration at a level sufficient to attract and retain adequately experienced, trained and qualified individuals to deliver the council's priorities,
- 1.4.2 To reflect fairness and equality of opportunity, and
- 1.4.3 To set out the council's approach to remuneration in a fair and transparent manner.
- 1.5 The Council has recently undertaken a senior management reorganisation which came into effect on 2nd March 2015. The new structure is set out in this policy. However, it should be noted that the information included in paragraphs 6 and 8 is based upon the pay data available at the time of print (1 February 2015).

2. Pay Framework

- 2.1 The Council's main pay framework was implemented in April 2007 in line with national joint council (NJC) guidance, with the grade for each role being determined by a job evaluation process. This followed a national requirement for all local authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer. As part of this the council determined a local pay framework for NJC posts, up to spinal column point 60.
- 2.2 In exceptional circumstances, basic pay for any officer may be supplemented by a market supplement if market evidence on demand for these skills supports it. The process and terms of these payments is clearly detailed within the council's Market Supplement policy.

2.3 This pay policy statement does not relate to:

- staff of local authority schools
- contractors
- companies wholly or partially owned by the council
- the receipt or distribution of any payments received by the Chief Executive in her role as Returning Officer

3. Pay Awards

3.1 The council's policy on pay awards for all employees, including chief officers, has been to follow national negotiations. During 2014 the following pay awards were implemented:

Terms and Conditions type	Increase awarded	Date effective
Joint Negotiating Committee for Chief Officers	2% on salaries of £99,999 or less at 31 December 2014. The pay award did not apply to the first £99,999 of salaries of £100,000 or more.	1 January 2015. Notification was not received until February 2015.
National Joint Council Single Status	Variable %	Non-consolidated payment paid in December 2014 and due to be paid in April 2015 plus percentage increase of at least 2.2% payable from 1 January 2015 (was due on 1 April 2014)
NHS	Spinal column point increase to those who had not reached the top of their grade only. No pay award paid.	Variable dates depending on anniversary date of job holder.
Youth & Community JNC	zero	Last pay award was 1% on 01 September 2013
Soulbury	zero	Last pay award was 1% on 01 September 2013

- 3.2 Where staff have been transferred in to the council their contractual terms and conditions will be **static** at the point of transfer. This will apply in all cases **excluding** those where the council has the possibility of participating in the negotiation process of such collective agreements concluded after the date of the transfer. This will mean that any pay award negotiated after transfer will not be paid (providing the council had no possibility of participating in the negotiation process).
- 3.3 There is incremental progression for NJC evaluated posts where increments are paid in accordance with agreed council policy, usually on an annual basis. Incremental progression for NJC evaluated jobs is automatic within the pay range for the job, and takes place until the maximum incremental point within the pay range is achieved. Thereafter the employee is only eligible for any annual cost of living award negotiated by the appropriate bodies.

4. Definition of Chief Officer

- 4.1 As is required by the Localism Act, for the purpose of this policy, chief officers are defined as:
- Head of Paid Service (Chief Executive)
 - Monitoring Officer (Director of Governance)
 - s151 Officer (Corporate Director of Resources)
 - Statutory Chief Officers Corporate Director: People & Communities and Director of Public Health.
 - Non-Statutory Chief Officers: Corporate Director of Growth and Regeneration. Any post that reports directly to the Chief Executive (other than administrative posts)
 - Deputy Chief Officers: anyone who reports directly to a statutory or non-statutory chief officer (other than administrative posts).
 - Any self-employed individual engaged by the council in one of the categories above

A list of posts and officers included in this definition is attached at Appendix A.

5. Policy relating to remuneration of Chief Officers

- 5.1 Local government has changed radically; this council is no exception and many of our services are now provided externally. During 2013/14 senior manager pay scales were reviewed and the following parameters agreed by Employment Committee:-
- Senior manager role profiles should be evaluated independently under Hay, which is the council's chosen job evaluation system for senior managers.
 - There will be seven pay bands going forward which are anchored at the 50th percentile (market median) and range between 10% below or 10% above this market anchor point. Application of the council's Market Supplement policy will be considered in cases where the market dictates a rate that is above the 50th percentile and evidence is provided to support this.

- Pay protection will be applied for those who see a reduction in their salary in accordance with the council's existing Redundancy Policy pay protection arrangements.
 - Salary upon appointment will be set in accordance with the Guidance Document on Setting Senior Manager Pay.
- 5.2 Full Council is responsible for approving the appointment of the Head of Paid Service (Chief Executive). Full Council is responsible for confirming the dismissal of the Chief Executive, and for confirming the dismissal of the Solicitor to the Council (Director of Governance) or the Chief Finance Officer (Corporate Director of Resources) following the recommendation of such a dismissal by Employment Committee. All Cabinet members have a right to object to the appointment or dismissal before the recommendation is implemented.
- 5.3 Employment Committee is responsible for approving the appointment (including remuneration) or dismissal of all other Chief Officers and Deputy Chief Officers. All Cabinet members have a right to object to the appointment or dismissal.
- 5.4 Full Council is responsible for approving salary grades of £100,000 or more in respect of a new appointment. The Employment Committee, under its delegated powers will determine the salary to be paid within the grade approved by Council. Full Council is responsible for approving severance packages beyond £100,000 for staff leaving the organisation.
- 5.5 There is currently no formal mechanism in place for Chief Officers to progress through the pay bandings. Any increase previously paid was at the discretion of the Chief Executive and appropriate Cabinet Member, and linked to a change in responsibilities, or agreed on recruitment following an initial period in the role. A proposal on progression is being developed and will be discussed at Employment Committee during 2015. The Chief Executive and Director in consultation with the relevant portfolio holder and the Corporate Director of Resources are authorised to amend and update the job descriptions of Directors, Assistant Directors and Heads of Service.
- 5.6 Information relating to the remuneration of senior officers is published annually in the statement of accounts, and also in accordance with the Department of Communities and Local Government's (DCLG) Transparency Code. The Council will continue to follow these requirements when determining disclosure for Chief Officers. Information in relation to payments made under a contract for services (for Chief Officers who are self-employed) will be published at the same time.

6. Policy relating to remuneration of the council's lowest paid employees

- 6.1 The Localism Act requires the council to determine who its lowest paid employees are. It may adopt any definition which most appropriately fits local circumstances, providing it explains in the policy why that definition has been adopted.
- 6.2 For the purpose of this policy, the Council defines its lowest paid employees as those in the bottom 10% of employees by remuneration. As of 1st February 2015 this covered 133 staff with a full time equivalent salary between £13,053 and £17,437. The average remuneration package for those employees is in

the region of £16,062. For employees who work part-time, their salary is calculated pro rata to the full-time equivalent.

- 6.3 The definition used to define the lowest paid workers is the same as the definition applied in the 2013/14 Pay Policy. This definition has been selected because it captures a meaningful number of employees and avoids the distortions that might occur with a very small group, or the excessive averaging that would be required if a larger group was used, such as the lowest quartile. This definition has been agreed with the relevant trade unions.
- 6.4 Former council employees who have transferred to external contractors with whom the authority has contracted to perform services are excluded from this definition.
- 6.5 The council is discussing the implementation of a Peterborough 'living wage' that would raise the basic pay of the council's lowest paid workers to a minimum of £7.85 per hour.
- 6.6 The pay award for Chief Officers was not received until 2 February 2015 and therefore has not been taken into account when calculating the amounts in paragraph 6 or 8.

7. Policy relating to remuneration of all employees

- 7.1 The council's policy is to differentiate between remuneration of its employees by setting different levels of basic pay to reflect differences in responsibility, but not to differentiate on other allowances, benefits and payments it makes. The council has separate policies relating to travel and subsistence, redundancy, relocation, and other entitlements, and does not differentiate between chief officers and those who are not chief officers in respect of entitlement to these benefits. Similarly, all officers who work on elections are entitled to payment for specific roles such as count supervisor or count assistant, at rates agreed each year by the Returning Officer, and the rates agreed relate specifically to the election role undertaken, and not to the grade or employment status of the officer undertaking the role.

7.2 Mobile telephones

Officers (including chief officers) are entitled to be provided with a mobile telephone or other personal data device if it is necessary to carry out their duties. Personal use is permitted, but must be reimbursed in accordance with council policies, so this is not classified as a benefit in kind for tax purposes.

7.3 Policy on receipt of salary & pension

The Local Government Pension Scheme (LGPS) does not allow current employees to receive their pension at the same time as their salary unless it is under a flexible retirement arrangement. New starters may join who are already in receipt of a pension from previous service in the LGPS or another pension provider. It is also the council's policy not to re-engage officers who have left the council on a redundancy basis, except in exceptional circumstances where the Chief Executive considers it necessary for continuity of an essential service.

7.4 Enhancement of pension benefits

Most employees are eligible to join the Local Government Pension Scheme, which in certain circumstances provides for the exercise of discretion that allows retirement benefits to be enhanced. Pension regulations require the council to issue a written policy statement on how it will exercise the various discretions provided within the scheme, and this is published as a separate document entitled “Local Government Pension Scheme Discretionary Policy”. That policy was approved by Employment Committee in March 2010. Under the policy, the council will consider each case on its merits, but its usual policy is not to enhance benefits for any of its employees, with no distinction made between chief officers and those who are not chief officers. Different rules apply to those in the Teacher’s Pension Scheme and the NHS Pension Scheme.

7.5 Termination of employment

In relation to the termination of employment, the council will have due regard to the making of any appropriate payments where it is in the council’s best interests. Any such payments will be in accordance with contractual or statutory requirements and take into account the potential risk and liabilities to the council, including any legal costs, disruption to services, impact on employee relations and management time. The council will have specific regard to the legal requirements which apply to the termination of employment of the Head of Paid Service (Chief Executive) , the s151 Officer (Executive Director of Resources), and the Monitoring Officer (Director of Governance).

8. The relationship between the remuneration of the council’s chief officers and those who are not chief officers

- 8.1 The Localism Act requires the council to state the relationship between the remuneration of chief officers and those who are not chief officers, and leaves the council the flexibility to determine how to express this. This was considered in the Hutton report, which was asked to explore the case for a fixed limit on pay dispersion in the public sector through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. Hutton concluded that this was not helpful, and that the most appropriate metric is the top to median earnings. However, the council would not expect that the remuneration of its highest paid officer would exceed 20 times the remuneration paid to its lowest paid employee, except in exceptional circumstances, which must be specifically authorised by the Employment Committee and reviewed annually. The Chief Executive’s remuneration is currently 10.59 times the remuneration of the lowest paid employees.

This is summarised below:

	Feb 12	Feb 13	Feb 14	31 Jan 15
Chief Execs salary	£170,175	£170,175	£170,175	£170,175
Lowest salary (using bottom 10%)	£15,931	£15,011	£15,779	£16,062
Ratio	10.68 to 1	11.34 to 1	10.78 to 1	10.59 to 1

8.2 Hutton considered that the most appropriate metric to track the pay dispersion across the organisation is the multiple of the remuneration of the Chief Executive to the average remuneration of the organisation's workforce. The table below shows both the mean and the median average

The current calculation and ratio is as follows:

	Feb 14		31 Jan 15	
	Median	Mean	Median	Mean
Chief Exec's salary	£170,175	£170,175	£170,175	£170,175
Average	£27,323	£29,990	£27,913	£30,420
"pay multiple" ratio	6.41 to 1	5.67 to 1	6.09 to 1	5.59 to 1

8.3 The 'average salary' is calculated as follows:

- Median – where the full time equivalent salaries of every employee are listed in order of value, and the value of the employee in the middle is used. In this case, in Jan 2015 the council had 1330 employees covered by this pay policy. When all of these salaries are listed in order, the total salary package of the 665th employee is £27,913.
- Mean - where the full time equivalent salaries of every employee are added together, and then divided by the total number of employees (in this case 1330). It should be noted that adding the salaries together is not the same as calculating the total pay bill. This is because full time equivalent salaries are used for these figures, but in the council a significant number of staff have part time contracts.

8.4 A graph showing pay dispersal across the council as at January 2015 is included at Appendix B. This is likely to fluctuate as the shape of the council changes, particularly if further services are transferred into, or out of the council's control. During the year the workforce has reduced to ensure that the council manages its financial reductions.

8.5 The ratios comparing the Chief Executive's pay to average and lowest salaries has decreased. The cause is the changing structure of the organisation and the increase to pay of those covered by the national conditions. As there has been no change or increase to the Chief Executive's salary this has resulted in a reduced ratio.

9. Review of the Pay Policy Statement

9.1 This policy will be kept under review in the light of external best practice and legislation, internal data on recruitment and retention, and external pay data. Any changes will be discussed with all stakeholders including recognised trade unions before being presented to council for approval. Council will approve its Pay Policy Statement at least on an annual basis, normally at the council meeting when the council's budget is considered.

- 9.2 The transfer of further staff into or out of the council may have an impact on salary differentials in the future.

10. Notes

- 10.1 This pay policy statement is not intended to be a statement of terms and conditions for a chief officer's employment contract;
- 10.2 Nothing in this pay policy statement is intended to revoke other council policies related to pay, or terms and conditions of employment;
- 10.3 This pay policy statement has been prepared having regard to the guidance given by the Secretary of State in relation to sections 38 to 43 of the Localism Act 2011.

APPENDIX A

ROLE	OFFICER IN POST
Chief Executive (Head of Paid Service)	Gillian Beasley
Director of Governance (Solicitor to the Council) (Monitoring Officer)	Kim Sawyer
Corporate Director of Resources (s151 officer)	John Harrison
<u>Statutory Chief Officers:</u> Corporate Director: People & Communities (Director of Adults Services and Children's Services) Director of Public Health	Wendi Ogle-Welbourn Dr. Liz Robin (seconded from Cambridgeshire CC)
<u>Non-statutory Chief Officers:</u> Corporate Director of Growth and Regeneration	Simon Machen
<u>Deputy Chief Officers</u> (reports directly to Statutory Chief Officer): Assistant Director: Legal & Democratic Services Head of Performance Management Head of HR Service Director City Services & Communications Service Director: Financial Services Assistant Director: Digital Peterborough Senior Project & Programme Manager Service Director Education, Corporate Property and Children's Resources Service Director: Adults Services & Health Service Director: Children's Head of Business Management Consultant in Public Health	Vacant Elliott Smith Mandy Pullen (Acting) Annette Joyce Steven Pilsworth Richard Godfrey Andy Cox Jonathan Lewis Adrian Chapman Lou Williams Oliver Hayward Katherine Hartley Anne McConville (Interim)
<u>Deputy Chief Officers</u> (reports directly to non-statutory Chief Officer): Head of Development & Construction Head of Resilience Head of Sustainable Growth Strategy Head of Peterborough Highway services	Nick Harding Kevin Dawson Richard Kay Andy Tatt

APPENDIX B: DISTRIBUTION OF SALARIES ACROSS THE COUNCIL

Distribution of Salaries across the Council [non schools]
at 1st February 2015

