

## Appendix 1: Pay Policy Statement 2015/2016



## Pay Policy Statement 2015/2016

### 1. Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and recent guidance issued under the Local Government Transparency Code 2014.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its senior employees (excluding teaching staff and employees working in local authority schools) by identifying:

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior employees i.e. ‘Chief Officers’, as defined by the relevant legislation;

“Remuneration” for the purposes of this statement includes three elements - basic salary, pension and all other allowances arising from employment.

Additionally, the definition of Chief Officer as defined by the Local Government Housing Act 1989, for the purposes of this statement and in line with recommendations from the Secretary of State, includes the Head of Paid Service and Statutory Officers as well as those who report directly to them (non-statutory Chief Officers) and their direct reports. (See Annex 2)

Once approved by full Council this policy statement will come into immediate effect and will be subject to review on an annual basis.

### 2. Background

In determining the pay and remuneration of all of its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees

who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Workers Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

### **3. Pay Structure**

#### **3.1 Principles**

There are a number of overriding principles which govern the Council's approach to senior management reward:

- The policy will be affordable; with reward being commensurate with individual and corporate performance.
- Reward policy for senior post-holders will be transparent, clearly defined and readily understood.
- The policy will offer the flexibility to reward for job size, capability, performance (objectives and behaviour), and market rates (where relevant, with evidence).
- Reward for senior roles will be fair and proportionate to reward for the wider workforce.

#### **3.2 Reward components**

Reward will comprise basic salary, an annual incentive and a range of benefits. The components are described as follows:

- **Basic salary (Achieving Rate):** this is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.
- **'Exceeding' Performance Award:** this may be paid monthly or as a lump sum annually with basic salary for the previous year's performance. After the year it is withdrawn unless re-earned. This element is pensionable.

- **Benefits:** the Council provides a range of benefits, many of which are guaranteed and form a part of the contract of employment. The principal benefits are holidays and pension scheme membership.

### 3.3 Job Evaluation and Banding

The Council uses the Hay Group job evaluation to position roles into the Cheshire East Senior Management bands. The bands are linked to Hay Job Evaluation points ranges which have been determined as part of the Council's operating model.

Table 1

<b>Cheshire East Council pay band structure 2015/16</b>
Manager
Senior Manager
Director
Executive Director

### 3.4 Pay structure

This defined pay structure determines the salaries of senior managers on JNC (Joint National Council for Local Government Services). All other jobs are evaluated under the national Job Evaluation Scheme and the evaluated job scores will equate to a pay band on the Council's salary scale.

Each grade within the senior management population has an achieving rate and the potential for a defined exceeding performance award, within each role. The defined pay structure which determines the salaries of senior managers who are on JNC conditions of service can be seen by accessing the [senior manager pay and grading structure](#). The [pay and grading structure for staff](#) on NJC (National Joint Council) is also available.

## **4. Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment of Chief Officers is set out in the Council's Constitution and Scheme of Delegation and is undertaken by an appointment panel in accordance with Constitutional arrangements. Full Council approval will be sought for the establishment of a role on a salary package exceeding £100,000.

When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own Recruitment Policy and Procedure, Disability at Work Commitment, Mindful Employer, Redeployment Policy and Procedure and Equality in Employment Policy.

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made at the achieving rate for the grade,

although this can be varied on an exceptional basis where necessary to secure the best candidate and will take into account the appointee's existing pay and their relevant experience and qualifications taking account of equal pay within the Council.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at regular intervals to ensure their ongoing suitability and appropriateness.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a contract for service. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate maximum value for money, in securing the relevant service. In assessing such, it should be noted that in respect of such engagements, the Council is not required to make either pension or national insurance contributions for such individuals.

## **5. Additions to Chief Officer's Salaries**

The following payments can be applied to Chief Officers' salaries:

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Green Salary Sacrifice Lease Car Scheme
- Relocation Expenses
- Professional Fees and Subscriptions

Further details of [additions to Chief Officers' salaries](#), is available.

## **6. Local Government Pension Scheme**

Details of the [Local Government Pension Scheme](#), the discretions exercised, contribution bands, actuarial rates, and discretions policy application are available.

## **7. Redundancy Payments and Payments on Termination**

The Council has a Redundancy Scheme which is applicable to all employees is based on the state formula, plus any payment in lieu of notice where applicable and payment for any leave for employees leaving the Council's employment with accrued leave which by agreement is untaken at the date of leaving.

The Voluntary Redundancy Scheme is also applicable to all employees. Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula but based on the employee's actual week's pay plus an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 week's pay. This will be reviewed during 2015. The Council reserves the right to change all discretionary elements.

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 within the Redundancy Policy and Procedure and for those eligible for retirement, in the Retirement and Severance Policy and are in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. All payments under this section are subject to the approval process set out in the Redundancy Policy and Procedure.

## **8. Severance and Retirement on Grounds of Efficiency**

In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council also operates a voluntary scheme to facilitate early retirement or severance on grounds of efficiency to enable the Council to continue to achieve effective use of resources and provide value for money.

## **9. Settlement Agreements**

The Council uses settlement agreements as a matter of course for all voluntary redundancies/severances and this applies to all employees, including Chief Officers. The use of standard settlement agreements on this basis minimises any risk of future claims against the Council and can ensure that any threatened or pending legal proceedings and their associated legal costs can be avoided.

## **10. Pay Multiples**

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and LGA guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as [pay multiples](#).

## **11. Re-employment or re-engagement**

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, taking into account the use of public money and the exigencies of the Council.

Former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance will not be re-employed or

re-engaged in any capacity, except in truly exceptional circumstances and subject to the agreement of the Head of Human Resources in consultation with the Leader and the relevant Portfolio Holder. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract of service etc. and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

## **12. Organisation Chart**

The organisation chart in Annex 2 shows all senior posts which comprise the top three management tiers of the Council.

## **13. Publication and access to information**

Upon approval by Full Council, this statement will be published on the Council's website. Additionally, in line with Code of Practice and Accounts and Audit Regulations, salary allowances and bonus compensation and employers pension contributions will be published for:

- a) Senior employees whose salary is £150,000 or more (who will also be identified by name)
- b) Senior employees whose salary is £50,000 or more.

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