

Appendix 1

Pay Policy Statement 2016/17

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, employees working in local authority schools and academies) 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.

Once approved by full Council this policy statement will come into immediate effect, superseding the 2015/16 statement and will continue to be reviewed 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. This is balanced against the need to recruit and retain employees who are able to deliver the Council’s residents first commitment and meet the requirements of providing high quality services, which are delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation and codes of practice. 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.

A recent Equal Pay analysis on the Council's pay structure, including senior managers determined that no major issues exist between men and women's pay in the workforce. The analysis was based on the Equality and Human Rights Commission guidance concerning pay variances. This will be kept under review by the Head of Strategic HR.

3. Pay Structure

Senior Management

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

For the majority of senior posts, reward will comprise basic salary, an annual performance related pay 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 is paid 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, some of which are guaranteed and form a part of the contract of employment. Generous holiday and access to the Local Government Pension Scheme are principal benefits.

A small number of the Council's most senior managers no longer receive a performance related pay incentive. This has been replaced by an inclusive salary which comprises basic pay, plus a market supplement where appropriate.

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 point's ranges which have been determined as part of the Council's operating model.

3.4 Senior Manager 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 \(link 1\)](#).

In addition a number of public health employees transferred to the Council on 1/4/2013. Those employees who have transferred including the Director of Public Health remained, after transfer, on the terms and conditions of their previous employer under TUPE Regulations.

3.5 Chief Officer remuneration

When applying the senior manager pay structure, for the purposes of this statement the definition of Chief Officers is as set out in Section 43 of the Localism Act.

The posts falling within the statutory definition are set out below, with details of their salary package as at 1st January 2016.

Chief Executive – Tier 1

- The salary package of the post is within the range of £150,000 to £160,000

Chief Officer – Tier 2 (direct reports to the Chief Executive, plus Monitoring Officer)

- The salary package of these posts fall within a range of £90,000 to £135,000

Deputy Chief Officer – Tier 3 (direct reports to Tier 2 managers)

- The salary package of these posts fall within a range of £54,060 to £101,451

3.6 Pay and grading structure for staff

The [pay and grading structure for staff \(link 1\)](#) on NJC (National Joint Council) is also available.

4. Commitment to the Living Wage

The Council implemented on the 1st November a “local” Living Wage of £7.85 an hour for directly employed staff (excluding apprentices, work placements and traineeships, which have been created to enable access to work place training and job opportunities).

The rate will be paid by adding a clear supplement to the NJC pay scale points up to and including scp 10 rates. Enhancements for working unsocial hours will continue to be calculated on the NJC pay rates.

All employers are expected and required to pay the Minimum Wage, and also the new national Living Wage which is being introduced at £7.20 from April 2016 and is due to rise to £9 an hour in 2020. The Council will monitor the development of the new National Living Wage as this may mean that it is no longer to add the supplement to the NJC rates which will need to rise to equal the new National Living Wage rates as they increase over the period from 2016 to 2020.

5. 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 made up of members of the Staffing Committee 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.

6. 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 \(link 2\)](#), are published in the Councils Transparency Data and in the Statement of Accounts. A link to these documents is included in Appendix 1 of this Statement

Public health employees who have transferred to the Council and have remained on NHS terms and conditions receive additional allowances such as clinical excellence award, Directors of Public Health supplement, extra programmed activities and on call availability supplement.

7. Local Government Pension Scheme

Details of the [Local Government Pension Scheme \(link 3\)](#), the discretions exercised, contribution bands, actuarial rates, and discretions policy application are available.

8. Redundancy Payments and Payments on Termination

The Council has a Redundancy Scheme which is applicable to all employees and is based on the statutory formula, 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 was reviewed in 2015 and the formula has not been changed. Further reviews will be undertaken annually to ensure these payments remain appropriate and meet the Councils needs. 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 and Local Government Pension scheme Regulations 2007.. All payments under this section are subject to the approval process set out in the Redundancy Policy and Procedure.

The Government has confirmed it will proceed in April 2016 with proposed legislation setting a legal capping limit for public sector exit payments of £95,000. This may have implications for the Councils current Redundancy Scheme which will be considered once the legislation is passed and the details have been assessed.

9. 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. The terms of this are set out in the discretionary policy.

10. 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. The Council follows the current guidance for public sector settlement agreements in these circumstances.

11. 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 \(link 4\)](#). This has been updated to reflect the introduction of the Living Wage into the Council in November 2015. See also section on the Living Wage in 3.4

12. 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.

In particular, the Voluntary Redundancy Scheme provides that 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 Strategic HR 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.

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.

Prepared by:	HR Strategy and Policy Team
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Annex 1 – Links

All of the relevant policies and procedures as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please contact HREnquiries@cheshireeast.gov.uk should you have any difficulties accessing this information.

- 1. Additional information** (links 1- 4 in the process of being updated, content provided in Appendix 3.)

Link 1 – [Pay and grading structure for senior managers and staff](#)

Link 2 – [Additions to Chief Officer's salaries](#)

Link 3 – [Local government pension scheme](#)

Link 4 – [Pay multiples](#)

[Statement of Accounts for 2014/15](#)

- 2. Internal intranet links to the further relevant policies, procedures and other relevant information:**

[Payment of Market Supplements](#)

[Pay and Allowances Policy](#)

[Pensions Discretions Policy](#)

[Redundancy Policy **and** Procedure](#)

[Retirement and Severance Policy](#)

[Recruitment Policy **and** Procedure](#)

[Disability at Work Commitment](#)

[Mindful Employer](#)

[Redeployment Policy **and** Procedure](#)

[Equality in Employment Policy](#)

[Relocation Expenses Policy](#)

For those seeking to access copies of policies externally via www.cheshireeast.gov.uk please contact HREnquiries@cheshireeast.gov.uk to request copies of the policies.