

OPEN

## **Corporate Policy Committee**

**6 February 2025**

### **Pay Policy Statement 2025/26**

**Report of: Adele Taylor, Interim Executive Director Resources and S151 Officer**

**Report Reference No: CPC/50/24-25**

**Ward(s) Affected: Not applicable**

#### **Purpose of Report**

- 1 This report outlines the Pay Policy Statement for 2025/26 for the Corporate Policy Committee to recommend to Council.

#### **Executive Summary**

- 2 Section 38 of the Localism Act (2011) requires Local Authorities to produce a Pay Policy Statement by 31 March on an annual basis. Regard continues to be given to any guidance from the Secretary of State in producing this statement and the Local Government Transparency Code (2015).
- 3 The Pay Policy Statement for 2025/26 reflects the expected position at 1 April 2025 and is attached as Appendix 1. Changes since last year's Statement are outlined in section 10 of this report.

#### **RECOMMENDATIONS**

The Corporate Policy Committee is recommended to:

1. Note the changes to the Pay Policy Statement as outlined in section 10 of this report.
2. Recommend to Full Council on 26 February 2025 that Council approve:
  - a) the Pay Policy Statement for 2025/26.
  - b) for the Pay Policy Statement 2025/26, any in-year changes are approved by the Council's Monitoring Officer and published accordingly.

## **Background**

- 4 The purpose of the Pay Policy Statement is to increase accountability, transparency, and fairness regarding the Council's approach to pay with particular focus on its Chief Officers.

## **Consultation and Engagement**

- 5 The final Pay Policy Statement 2025/26 will be shared with Trade Unions.

## **Reasons for Recommendations**

- 6 A Pay Policy Statement has been required to be produced annually since 2012/13 under Section 38 of the Localism Act (2011). Local Authorities must have their Pay Policy Statement approved by full Council and published on their website no later than the 31 March prior to the financial year to which it relates.

## **Other Options Considered**

- 7 Not applicable.

## **Key Updates to the Pay Policy Statement**

- 8 The Pay Policy Statement 2025/26 follows the style and format of the Statement published in 2024/25. The Statement focuses on the broad principles and policies regarding pay and has links to further information and statistical data available on the Council's website and associated policies.
- 9 The Statement has been designed to be user friendly for public consumption and should require minimal updates each subsequent year.
- 10 The links to further information including the link to pay multiples will be updated as appropriate through the coming year.
- 11 Changes since the last Pay Policy Statement are as follows:
  - a. Added that any in-year changes would need to be approved by the Monitoring Officer and published accordingly.
  - b. Updated the reference to NHS terms and conditions to include the specific terms and conditions, Agenda for Change.
  - c. Added that teachers employed directly by the Council (Centrally Employed Teachers) are paid in accordance with the statutory School Pay and Conditions Document (STPCD).

- d. Updated the salary information for direct reports to the Chief Executive (including the relevant job titles), direct reports to Tier 2 managers and NJC Employees in line with the pay award for 2024/25.
- e. Removed reference to the Salary Sacrifice Lease Car Scheme from Additional to Chief Officers' Salaries as it is not an 'addition' to salary;
- f. Added reference to national pay awards.
- g. Expanded section on pay multiples to includes information on pay reporting; the Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

## **Implications and Comments**

### *Monitoring Officer/Legal*

- 12 The Council is required to produce and publish a Pay Policy Statement agreed by full Council each year, under Section 38 of the Localism Act (2011) which details the information that must be provided.
- 13 In addition, the Local Government Transparency Code (2015) requires information on organisational structure, senior salaries and pay multiples to be published annually each year.
- 14 This report and the accompanying Pay Policy Statement, with associated links in Appendix 1, once approved and adopted ensures that Cheshire East Council complies with these requirements.
- 15 The Pay Policy Statement also assists the Council by providing for a transparent and objective pay framework to ensure equality in pay across the organisation.

### *Section 151 Officer/Finance*

- 16 There are no direct financial implications associated with approving the updated Pay Policy Statement 2025/26 and there is no impact on the Council's Medium Term Financial Strategy.

### *Policy*

- 17 Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year. Whilst the Statement can be amended during the year should the need arise, in-year changes are subject to approval by the Council's Monitoring Officer.

### *Equality, Diversity and Inclusion*

18 There are no direct equality implications associated with approving the updated Pay Policy Statement 2025/26, any potential implications relating to pay are addressed within the relevant pay policies.

### *Human Resources*

19 Associated pay policies and HR support must comply with the Pay Policy Statement.

### *Risk Management*

20 If the Council does not follow specific aspects of the guidance issued by DCLG and therefore does not achieve appropriate levels of openness and accountability, DCLG can take steps to require the Council to adapt particular policies.

### *Rural Communities*

21 There are no direct implications for rural communities.

### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

22 There are no direct implications for children and young people.

### *Public Health*

23 There are no direct implications for public health.

### *Climate Change*

24 There are no direct implications on climate change.

<b>Access to Information</b>	
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Appendices:	Appendix 1 – Draft Pay Policy Statement 2025/26
Background Papers:	None



# **Pay Policy Statement 2025/26**

## **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 guidance issued under the Local Government Transparency Code 2015.

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, and alternative service delivery vehicles) 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 effect on the 1<sup>st</sup> April 2025 superseding the 2024/25 statement and will be subject to review upon the agreement of any relevant national pay awards and on a minimum of an annual basis, the policy statement for the next year being approved by 31<sup>st</sup> March each year. Any in-year changes to this statement would need to be approved by the Monitoring Officer and published accordingly.

## **2. Background**

In determining the pay and remuneration of all 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 in an increasingly competitive market who can deliver the Council’s commitments 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. This includes legislation such as the Employment Rights Act 1996, Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council seeks to ensure there is no pay discrimination within its pay structures and that all pay

differentials can be objectively justified using 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.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with national trade unions. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with Council policy.

### **3. Senior Management ('Chief Officers') Remuneration**

#### **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 job size, capability and market rates (where these may be relevant, with evidence).
- Reward for senior roles will be fair and proportionate in comparison to reward for the wider workforce.

#### **3.2 Reward components**

Reward will comprise basic salary and a range of benefits as follows:

- Basic salary: This is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual. For some jobs, this remuneration may increase by annual increments until the maximum of the grade is reached, i.e. Grade 13 and 14. These two grades contain three increments in each with annual incremental progression on the anniversary of the appointment.
- Benefits: The Council provides a range of benefits. The principal benefits are holidays and access to the Local Government Pension Scheme (LGPS). Further details can be found on the [Council's website](#).

#### **3.3 Job Evaluation and Banding**

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

### **4. Pay and Grading Structure**

#### **4.1 Senior Managers (JNC)**

This defined pay structure determines the salaries of senior managers on JNC (Joint National Council for Chief Officers) conditions of service. A score is produced from the Korn Ferry HAY job evaluation process which equates to a pay band on the Council's senior manager pay structure.

The current pay structure for senior managers who are on JNC conditions of service can be seen by accessing the [pay and grading structure](#).

In addition, there is a very small number of public health employees who transferred under TUPE to the Council on NHS Agenda for Change Pay and Terms and Conditions on 1<sup>st</sup> April 2013 and these employees remain on the terms and conditions of their previous NHS employer. The Council employs staff on Soulbury and JNC Youth and Community Support Workers terms and conditions. Any teachers employed directly by the Council (Centrally Employed Teachers) are paid in accordance with the statutory School Pay and Conditions Document (STPCD).

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 details of the salary packages are as follows:

**Tier 1 (Chief Executive)**

- The current salary package falls within a range of £170,000 to £190,000

**Tier 2 (and other direct reports to the Chief Executive)**

- The salary package falls within a range of £85,883 to £148,823
  - Executive Director of Place
  - Executive Director of Resources, Section 151 Officer
  - Executive Director of Children's Services
  - Executive Director of Adults, Health and Integration
  - Assistant Chief Executive
  - Governance, Compliance and Monitoring Officer

**Tier 3 (direct reports to Tier 2 managers)**

- The salary package falls within a range of £85,883 to £115,826

**4.2 NJC Employees**

The NJC pay framework comprises 44 salary points, between SCP 2 (£23,656 per annum) and SCP 45 (£60,830 per annum) for a full-time employee (based on a 37-hour week).

The current pay and grading structure for employees who are on NJC conditions of service can be seen by accessing the [pay and grading structure](#).

**5. Recruitment of Chief Officers**



The Council's policy and procedures regarding the recruitment of Chief Officers are set out in the Council's Constitution and are undertaken by the Appointments Committee in accordance with arrangements set out in the Constitution (see Chapter 2). Full Council approval will be sought in relation to decisions affecting the remuneration of any new post whose remuneration is or is proposed to be or would become £100,000 per annum or more.

Key statutory posts (Head of Paid Service, Section 151 Officer and Monitoring Officer) are Council appointments.

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 Confident commitment, Hidden Disabilities Sunflower Scheme Employer, Redeployment Procedure, and the Council's Equality, Diversity and Inclusion (EDI) Policy.

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 in accordance with the JNC pay structure, any variation to this approach will be by exception and based on objectively justified criteria supported by appropriate evidence. An appointee's existing pay and their relevant experience and qualifications may be included in any consideration but would need to take account of any equal pay implications that could arise within the Council.

From time to time, it may be necessary to take account of the external pay levels in the labour market and to pay market-related supplements to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such additional payments 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 least annually 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, put in place the most effective arrangements to engage individuals. These arrangements will comply with HMRC IR35 requirements, relevant procurement processes and ensure the Council is able to demonstrate maximum value for money.

## **6. Additions to Chief Officers' Salaries**

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

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Relocation Expenses

- Professional Fees and Subscriptions

Further details of [Additions to Chief Officers' salaries](#) are published in the Council's Transparency Data and in the Statement of Accounts.

## **7. Pension Contributions**

Eligible employees are automatically enrolled into the Local Government Pension Scheme (LGPS). The Council is required to contribute to the scheme based on a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund (the name of the LGPS in Cheshire) to ensure the scheme is appropriately funded. Employee contribution rates are set in bands and are defined by statute.

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

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

The Council's policy on compulsory redundancies, including redundancy payments, is set out in the Organisational Change Policy and Procedure. If employees have two or more years' service, they may be entitled to a redundancy payment. The payment is based on the statutory formula (on actual weekly pay). Any overtaken leave/flexi will be deducted from their final salary. Where there is an outstanding leave entitlement, this must be taken during their notice period and before their employment ends.

To minimise the need for compulsory redundancies and in conjunction with other measures, e.g. restricting recruitment, the Council may consider requests from employees to be made redundant (voluntary redundancy). Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula (on actual weekly 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.

The Council's current approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age and for those eligible for retirement, is set out in the Leaving the Council Policy & Procedure and 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 Organisational Change Policy & Procedure, the Leaving the Council Policy & Procedure and [CEC Constitution](#).

The Council reserves the right to change all discretionary elements. The Council will also take into consideration the Government's [statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK](#) and will implement any government changes to exit payments when they become law.

## **9. Early Retirement and Severance on the Grounds of Business 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 business 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 Leaving the Council Policy and Procedure and due consideration will again be given to the statutory guidance on exit payments.

## **10. Mutually Agreed Resignation Scheme (MARS)**

The Council has operated a Mutually Agreed Resignation Scheme (MARS) which enables individual employees, including Chief Officers, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This scheme creates resourcing flexibility to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas. MARS is non contractual and has no pension liabilities. A decision is taken whether to run the scheme by the Chief Executive and due regard will be given to the statutory guidance on exit payments.

## **11. Settlement Agreements**

The Council uses settlement agreements for all voluntary redundancies/severance and MARS severance payments, for all employees, including Chief Officers. The use of settlement agreements on this basis minimises any risk of future claims against the Council and can ensure that any potential 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.

## **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, considering 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, redundancy or severance will not be re-employed in any capacity, except in exceptional circumstances and subject to the agreement of the Head of HR in consultation with the Chair of the Corporate Policy Committee. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract for 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. Pay Multiples and Pay Reporting**

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and

Local Government Association (LGA) guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as [pay multiples](#).

The Council will also publish, on an annual basis, Gender Pay Gap data in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. [Gender Pay Gap Reporting](#) requires employers with 250 or more workers to publish specific data in relation to their workforce. These requirements include how large the pay gap is between male and female workers, along with the distribution of male and female workers in the organisation. As a public sector employer this demonstrates the Council's compliance with the Public Sector Equality Duty.

The gender pay gap report measures the differences between the average pay of male and female employees, irrespective of job role or seniority. Gender Pay Gap is different from equal pay. The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. The Act states that men and women in the same employment performing equal work must receive equal pay.

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

Upon approval by the full Council, this Statement will be published on the Council's website ([www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk)). 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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Prepared by:	Human Resources
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Date:	January 2025
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Review date:	March 2026
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## **Annex 1 – Links**

All the relevant policies and procedures as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please email [humanresources@cheshireeast.gov.uk](mailto:humanresources@cheshireeast.gov.uk) should you have any difficulties accessing this information.

### **Section 1: Additional information**

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

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

Link 3 – [Local Government Pension Scheme](#)

Link 4 – [Pay multiples](#)

[Statement of Accounts](#)

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

- [Payment of a Market Supplement](#)
- [Pay and Allowances Policy](#)
- [Pensions Discretions Policy](#)
- [Organisational Change Policy and Procedure](#)
- [Leaving the Council Policy and Procedure](#)
- [Recruitment Policy and Procedure](#)
- [Redeployment Procedure](#)
- [Equality, Diversity and Inclusion \(EDI\) Policy](#)
- [Relocation and Excess Travel Policy and Procedure](#)

For those seeking to access copies of policies and procedures externally, please email [humanresources@cheshireeast.gov.uk](mailto:humanresources@cheshireeast.gov.uk) to request copies of the relevant documents.