

# Public Document Pack



To members of Staffing Committee

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DATE: 10 January 2014

Dear Councillor

## **STAFFING COMMITTEE - THURSDAY, 16TH JANUARY, 2014**

I am now able to enclose, for consideration at next Thursday, 16th January, 2014 meeting of the Staffing Committee, the following reports that were unavailable when the agenda was printed.

### **Agenda No 7 Pay Policy Statement (Pages 1 - 46)**

Yours sincerely

Rachel Graves  
Democratic Services Officer

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## CHESHIRE EAST COUNCIL

### STAFFING COMMITTEE

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<b>Date of Meeting:</b>	16th January 2014
<b>Report of:</b>	Head of People and Organisational Development
<b>Subject/Title:</b>	Pay Policy Statement 2014/15

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#### 1.0 Report Summary

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement by 31 March on an annual basis. Regard is to be given to any guidance from the Secretary of State in producing this statement.
- 1.2 The **draft** Pay Policy Statement for 2014/15, which reflects the position as at 1<sup>st</sup> April 2014, is attached at Appendix 1. For information the current Pay Policy Statement for 2013/14 is also attached at Appendix 2.

#### 2.0 Recommendation for Staffing Committee:

- 2.1 That the draft Pay Policy Statement for 2014/15 be reviewed and endorsed for recommendation to Cabinet (4<sup>th</sup> February). Cabinet will then, following their approval, recommend to Full Council (27<sup>th</sup> February) for adoption on 1<sup>st</sup> April 2014.

#### 3.0 Reasons for Recommendations

- 3.1 A Pay Policy Statement is required to be produced annually from 2012/2013 under Section 38 of the Localism Act. Local Authorities must have their Pay Policy Statement approved by full Council and published on their web site no later than the 31st March prior to the financial year to which they relate.

#### 4.0 Wards Affected

- 4.1 Not applicable.

#### 5.0 Local Ward Members

- 5.1 Not applicable.

#### 6.0 Policy Implications

- 6.1 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 and, whilst the Statement can be amended in year should the need arise, changes must be subject to the approval of full Council.

## **7.0 Financial Implications**

- 7.1 There are no direct financial implications associated with approving the updated Pay Policy Statement 2014/15 and no budgetary adjustments are proposed specifically in relation to this report. Changes to the Senior Management Structure have been taken into account in setting the budget for 2014/15.

## **8.0 Legal Implications**

- 8.1 The Council is required to produce and publish a Pay Policy Statement, agreed by Council each year, under Section 38 of the Localism Act.
- 8.2 This report and accompanying draft Pay Policy Statement, once approved and adopted, ensures that the Council complies with this requirement.

## **9.0 Risk Management**

- 9.1 None.

## **10.0 Draft Pay Policy Statement 2014 – Updates**

- 10.1 The draft Pay Policy Statement for 2014/15 has been updated to reflect the changes following the Senior Management Review. These changes are detailed below:
- 10.1.1 The job titles of the Council's Senior Managers (defined as Chief Officers and Deputy chief Officers for the purposes of the Pay Policy Statement) have been updated in Section 1 (page 1 – 2).
- 10.1.2 The Council's Senior Management Structure following the Senior Management Review, is included at Annex 2.
- 10.1.3 Section 3, Senior Manager Pay (pages 2 – 5) has been updated to reflect the move to spot salaries (achieving rate pay) and the introduction of a performance related pay (Exceeding rate pay). Appendix 1 provides detail of the pay rates at each level.
- 10.1.4 Following the Senior Management Review, the number of bands / grades has reduced significantly and this is reflected in Table 1 on page 3.
- 10.2 Additional changes to the draft Pay Policy Statement have also been made as follows:

- 10.2.1 In Section 6 (page 9 – 10), reference has been made to changes in the Local Government Pension Scheme, which reflects the work that has been completed under the Automatic Enrolment Regulations 2012 and changes to pension bandings and actuarial rate, effective from 1 April 2014.
- 10.2.3 Section 8 has been updated to reflect the latest advice and guidance from Central Government about the requirements regarding transparency and the requirement to publish data on Senior Pay. The commitments in this section comply with the new guidance.
- 10.2.4 Section 9 (pages 15 – 16) has updated pay multiples. These reflect a change to the number of Chief Officers along with the move to spot salaries. They also reflect the 1% nationally agreed pay rise for NJC staff in 2013 and an increase to the National Minimum Wage rates effective from October 2013. Our multipliers continue to be consistent with the 'mean' multiplier rate across Local Government.
- 10.2.5 Section 10 (pages 16 - 17) has been simplified and confirms that recruitment and selection of Corporate Leadership Board members is undertaken by Staffing Committee.
- 10.3 For information, Appendix 3 is a summary of the content and information a Pay Policy Statement should include.

### **11.0 Access to Information**

- 12.1 The background papers relating to this report can be inspected by contacting the report writer:

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## Appendix 1: DRAFT Pay Policy Statement 2014/2015



### PAY POLICY STATEMENT 2014/2015

#### 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 of the Localism Act 2011.

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;
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

“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 Officers”, as defined by the Local Government and 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.

Under this definition, the Council regards the following as its “Chief Officers”:

#### **Head of Paid Service**

Chief Executive (also Returning Officer)

#### **Statutory Chief Officers**

Chief Operating Officer (151 Officer)

Director of Public Health

Director of Adult Social Care and Independent Living

Director of Children's Services  
Monitoring Officer and Head of Legal Services

**Non-Statutory Chief Officers**

Director of Strategic Commissioning  
Director of Economic Growth and Prosperity

**Deputy Chief Officers**

Head of Early Intervention and Prevention  
Head of Environmental Protection and Enhancement  
Head of Public Protection and Enforcement  
Head of Democratic Services and Governance  
Head of Local Communities  
Head of Integrated Safeguarding  
Head of Corporate Resources and Stewardship (Deputy Sec 151 Officer)  
Media manager  
Head of Human Resources (currently seconded)  
Head of People and Organisational Development

The senior management structure and relevant grades for these posts (including any vacancies) is attached at Appendix 1.

Once approved by the full Council, this policy statement will come into effect from 1 April 2014 and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.

Any decision under powers delegated in the Council's Constitution with regard to remuneration to be taken during 2014/15 will be bound by and must comply with this Statement.

The Chief Executive and the Head of People and Organisational Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.

**2. OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION**

In determining the pay and remuneration of all of its employees, the Council will comply 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 senior management reward policy:

- The policy will be affordable, with reward will now be 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:** this is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.

**'Exceeding' Performance Related Pay:** this is paid monthly 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 new Cheshire East Senior Management bands. The new bands are linked to Hay Job Evaluation points ranges which have been determined as part of the new operating model.

There are fewer grades than before, reflecting broader pay bands and a reduction in the number of management layers in the new operating model:



**Table 1**

<b>Previous Grading Structure</b>	<b>Cheshire East 2014/15</b>
Grade 13	Manager
Grade 14	Senior Manager
Grade 15	Director
Grade 16	Executive Director
Grade 17	
Grade 18	
Director 1	
Director 2	
Director 3	
Director 4	
CE	

This defined pay structure determines the salaries of senior managers on NJC (National Joint 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 which is attached at Annex 1.

### **3.4 Pay Structure**

Each grade within the senior management population has a range of pay, within which each role.

#### **Achieving Rate**

The principal spot salary for each role will be referred to as the achieving rate, where an employee will need to demonstrate that they are performing all aspects of the role. The achieving rate reflects the rate for the job, relative to the grade, as determined by job evaluation and are set based on a number of considerations set out in the Pay Policy.

The achieving rate will be set within the parameters for each grade as set out in Table 2 below.

#### **Exceeding rate (performance pay)**

The exceeding rate, which has been introduced to reflect and reward performance above the normal high expectations for posts at this level, will only be paid to individuals who take on significant additional responsibilities (including statutory responsibilities), or those that can clearly demonstrate exceptional performance e.g. through the achievement of stretch objectives in relation to particular major projects or initiatives. This additional payment, over and above the substantive spot salary for the role, will be non-consolidated

and must be reviewed each year (in other words it is not a permanent salary addition, and must be earned). Where it is agreed and awarded, it will be paid in 12 monthly instalments as part of regular salary and will be pensionable.

***Any changes to existing posts or additional posts created, with an achieving salary above £100,000 and/or where the post holder is on JNC Chief Officer conditions and reports directly to the Chief Executive, will be subject to a vote by full Council prior to appointment / confirmation.***

Employees outside of this pay and grading structure include the following groups of employees:

The Director of Public Health whose salary is negotiated by the British Medical Association.

Soulbury - Education Psychologists and Advisers. Their pay is determined by the National Soulbury Committee.

NHS - Occupational Health Nurses & Public Health Officers. Their pay is determined in accordance with NHS Agenda for Change Pay Bands

Craft - Electricians, Mechanics etc. Their pay is determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees.

The Council adopts the national pay bargaining arrangements in respect of cost of living adjustments as negotiated with joint 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 collective bargaining machinery.

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', particularly where this relates to a statutory post. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition 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.

#### **4. RECRUITMENT OF CHIEF OFFICERS**

The Council's policy and procedures with regard to recruitment of Chief Officers are set out within the ***Recruitment Policy and Procedure*** and as set out in the Staff Employment Procedure Rules in Part 4.

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 developing 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.

## **5. ADDITIONS TO SALARY OF CHIEF OFFICERS**

### **5.1 Fee for acting as the Returning Officer and Deputy Returning Officer(s)**

Cheshire East Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Cheshire East the Chief Executive has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity he is the Returning Officer for elections to the Council and to Parish Councils within this Borough. For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Scale of Fees. The Scale of Fees is agreed between and used by the four Cheshire Authorities.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections and recognises the personal nature and personal responsibility of the role of the Returning Officer. The agreed scale of fees is used to determine the fees of the Deputy Returning officers, who are appointed from time to time and other elections employees.

The Returning Officer for Cheshire East Leads the electoral process for the Authority.

There are no scheduled Borough or Parish Elections during the 2014/15 financial year.

For each election the scale of fees are set by the Government and the Returning Officer is directly accountable in law to the Government in regards to their electoral duties.

## 5.2 Travel Allowances and Expenses

The current rates (which were last increased in April 2009) for use of private vehicles on Council business for all employees are:

	Engine Size	Engine Size
REGULAR USERS	451 -999cc	1000cc+
Lump Sum	£846	£963
Per mile first 8,500	36.9p	40.9p
Per mile after 8,500	13.7p	14.4p

	Engine size	Engine Size
OCCASIONAL USERS	451 -999cc	1000cc+
Per mile first 8,500	46.9p	52.2p
Per mile after 8,500	13.7p	14.4p

The Council has a small number of employees who are assessed as regular car users and receive a lump sum payment (payable monthly) with a reduced mileage rate. Assessment criteria are used to determine eligibility for all employees (including Chief Officers). Currently no Chief Officers are in receipt of the regular user lump sum.

## 5.3 'Green' Salary Sacrifice Lease Car Scheme

The Council has a 'green' salary sacrifice lease car scheme. This is an employee benefit, born out of the Government's introduction of a lower banding for benefit in kind taxation on low emission vehicles. The scheme enables employees to drive a new, fully maintained and insured car, but at a significantly reduced cost and offers savings in tax (employee only) and national insurance for both the employer and the employee. As such, it is a very attractive proposition for both.

The Green Car Scheme is underpinned by a salary sacrifice arrangement. Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their cash remuneration, usually in return for their employer's agreement to provide some form of non-cash benefit, in this case a car.

Whilst the scheme operates at no cost to the employer, in fact generating a saving overall, because it is being provided as a benefit by the Council it attracts a 'Benefit in Kind' (BiK) tax for employees on the scheme.

The scheme is open to all employees of the Council, subject to meeting the criteria set out in the scheme rules.

The level of CO2 emissions on the car chosen is important as it determines the benefit in kind tax to pay on the car (the non-cash benefit). The more environmentally friendly the car is, the greater the savings will be.

#### **5.4 Relocation Expenses**

Where it is necessary for a newly appointed employee to relocate to take up appointment the Council may make a contribution towards relocation expenses, in accordance with the Relocation Expenses Policy (Annex 3). Under this policy, the Chief Executive, or their nominee, has discretion to agree relocation financial assistance for any external candidate appointed, up to a maximum of £10,000. The details of any such payment must be agreed at the time of making a job offer/during initial appointment. The relocation must bring the employee nearer to their workbase and, as such, support will not normally be given to employees who already live within 30 miles of the workbase. This discretion covers all items for which assistance may be given, which must be directly related to a home relocation within two years of appointment, for example removal expenses, legal and estate agents fees.

Travel Assistance may also be agreed for expenditure arising from a move from temporary accommodation to permanent home, (as well as for the initial move to temporary accommodation), normally provided that the second move takes place within the maximum two year period. Both sets of assistance are subject to the overall limit of £10,000 and the policy is very clear that an employee must not make a net financial gain from the assistance.

An employee who leaves the Council's employment within one year of appointment will be required to repay all of the assistance given. If they leave during the second year, the assistance must still be repaid but the amount will be reduced by one twelfth for each completed month of employment in that year.

The same policy applies to Chief Executive, Chief Officers and other employees.

#### **5.5 Professional Fees and Subscriptions**

The Council will reimburse professional fees only for those employees where it is a legal requirement of their employment (subject to the employee paying the first £50) or, where employees are undertaking a training course and the membership of a professional body it is a requirement of the course. In those circumstances it will be paid for the period of study only. The Council has one policy and does not differentiate between Chief Officers and other employees.

## 6. LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme and policy with regard to the exercise of discretions in Pension provision is an important part of the remuneration package.

All employees under the age of 75 and who have a contract of employment which is for 3 months or more are entitled to join the statutory Local Government Pension Scheme (LGPS). There are no restrictions on the minimum number of hours an employee must work to be entitled to join.

From 1 March 2013 (the staging date) Cheshire East Council has complied with the new pensions duties under the Automatic Enrolment Regulations 2012 as follows:

- All new Cheshire East employees from 1 March 2013 have automatically been entered into Scheme membership, and have to elect to opt out if they wish;
- All existing eligible employees who have previously opted out of scheme membership will be automatically re-enrolled into the scheme with effect from 1 October 2017, at the end of the allowed transitional period. They will retain the right to opt out again if they wish;
- All existing employees who fall into the non eligible category have been monitored from 1 March 2013 and will be automatically enrolled into scheme membership at the point that they meet the earnings and age threshold. They will retain the right to opt out if they wish;
- The Automatic Enrolment exercise will be repeated on a three yearly basis following the initial staging date.

Contribution bands are determined on full time equivalent pay on 1 April each year. The bands are shown below.

Annual Rate of Pay	Rate of Contributions
More than £150,000	12.5%
100,01 – 150,000	11.4%
85,001 – 100,000	10.5%
60,001 – 85,000	9.9. %
43,001 – 60,000	8.5%
34,001 – 43,000	6.8%
£21,001 – 34,000	6.5%
£13,501 – 21,000	5.8%

Annual Rate of Pay	Rate of Contributions
Up to £13,501	5.5%

This is the banding rate applicable at 1st April 2014. These rates will go up in line with the Consumer Price Index (CPI) each April.

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council must make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Cheshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate is set at 22.3% however there has been a shift in the way future employer contributions are expressed, so that we now have a certified rate for the future service contributions (16.4%) and an certified monetary amount which needs to be paid to the Fund to cover the past service deficit. This effectively means that there is no real equivalent to the 22.3% rate set at the last valuation, although the notional equivalent (based on the Actuary's assumed pensionable payroll) would be 24.3%, rising to 28.3% by 2017.

For more comprehensive details of the Local Government Pension Scheme and Cheshire Pensions Fund see <http://www.cheshirepensionfund.org/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the Chief Executive, Chief Officers and other employees alike.

The Scheme also provides for the exercise of discretions that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

The ***Pensions Discretions Policy*** details the Council's agreed Pensions Discretions and applies equally to the Chief Executive, Chief Officers and other employees.

The Pension Scheme also provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the Chief Executive, Chief Officers and other employees. Employees aged 55 and above may apply to have their hours and/or their pay grade reduced and to seek agreement to early release to some or their entire pension.

The request can be considered if;

Either

- their substantive grade reduces by a minimum of 2 grades (e.g. Grade 6 to Grade 4)

And / Or

- their contract hours reduce by a minimum of 1/5

And

- At the same time, the employee can request early release of their accrued pension benefits in full or some of their accrued rights. Employees can now choose to take:
- All or none of their pre April 2008 rights; and
- All, some or none of their post March 2008 rights.

Any consequential fund strain payments to the pension fund are recoverable in three years with the discretion to extend the three years in exceptional circumstances. The Council's Staffing Committee will consider requests from the Chief Executive or a Chief Officer in respect of other employees.

## **7. REDUNDANCY PAYMENTS AND PAYMENTS ON TERMINATION**

### **7.1 Redundancy**

Where an employee is made compulsorily redundant, they will receive a redundancy payment in accordance with the State formula based on the employee's actual week's pay, plus any payment in lieu of notice where applicable and, payment for any annual leave for employees leaving the Council's employment with accrued leave which, by agreement is untaken at the date of leaving.

The Council also has a voluntary redundancy scheme in place which is applicable to all employees whose applications for voluntary redundancy are accepted as being in the interests of the Council. 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 weeks pay. This will be reviewed in May 2014. The Council reserves the right to change all discretionary elements.

When considering applications for voluntary redundancy the Council considers: -

- The need for the competency and skill set to meet current commitments



- The uniqueness of that competency and skill set in the organisation compared to the expected demand
- The likely need for that competency and skill set to meet future needs
- The likely timescale of future needs, comparing the cost of retention with the cost of VR and future re-recruitment
- The opportunity to cross skill or retrain remaining staff to fill the gap, and the cost and timescale to achieve this
- The cost of VR

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** (Annex 3) 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**.

## **7.2 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.

In all efficiency cases, employees may be considered for a lump sum payment upon termination, based on the merits of each individual case but up to a maximum of the same amount that would be permitted under the Council's voluntary redundancy scheme.

Factors to be taken into account in awarding compensation would include:

- Overall reasonableness, including benefits to the Council tax payer by the employee leaving the Council's service.
- Direct financial savings to be incurred by the employee leaving the Council's service.
- Employee relations considerations.

Subject to requirements set out in the Policy, employees' aged 55 or above and in the LGPS with at least three months membership (or with transferred service) will also be entitled to access to their accrued LGPS pension on an unreduced basis.

In relation to pension enhancement, the Council's policy as set out above will apply to all employees aged over 55 only. The Council will consider each

case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

### **7.3 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. .

A settlement agreement will take into account any outstanding contractual entitlement which the individual has to notice and will be in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 regulations. The settlement agreement will also take into account:

- The individual circumstances of the departure
- Value for Money for the authority
- The age and proximity to retirement of the individual,
- The risk and value of a potential claim against the authority
- The need for a speedy departure / 'opportunity lost' cost
- Any other material factors that may be considered

The final decision and approval for any termination payment and approval for the terms of a settlement agreement in relation all employees up to Deputy Chief Officer level (as defined in this Pay Policy Statement) rests with the Chief Executive. For all of the following posts (below), the final decision and approval will be with the Chief Executive in agreement with the Leader of the Council and the Chairman of Staffing Committee.

All Chief Officers (Statutory, non Statutory),

All officers earning above £100,000 and

All officers on JNC Chief Officer conditions and reporting directly to the Chief Executive.

Termination payments in addition to a payment in relation to contractual notice pay (and including any outstanding holiday pay) for the Chief Executive and the terms of any associated compromise agreement will be subject to approval by the Staffing Committee and reported to the next meeting of full Council, with an indicative sum/cost, for noting.

This will only apply where a termination payment is agreed with a Chief Executive on a consensual basis. The dismissal of a Chief Executive or a Statutory Officer is the subject of a designated statutory process and decision by the full Council.

## **8. PUBLICATION AND ACCESS TO INFORMATION**

Upon approval by full Council, this statement will be published on the Council's Website. In addition, in line with Code of Practice and Accounts & Audit Regulations, salary, allowances and bonus compensation and employer's 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 who meet the following criteria:- statutory officers and any person having responsibility for the management of the Council, to the extent that the person has power to direct or control the major activities of the Council.

Those included in this are therefore the Chief Executive, who is named, together with CLB and their direct reports. The publishing of individual names will be subject to individual consent for senior employees earning below £150,000.

An organisation chart of the Council's management structure, including salary bands and details of vacant posts is also published. The current chart is attached at Appendix 2 for information.

Further information about the Council's commitment to transparency can be found at the attached link.

[http://www.cheshireeast.gov.uk/council\\_and\\_democracy/council\\_information/transparency.aspx](http://www.cheshireeast.gov.uk/council_and_democracy/council_information/transparency.aspx)

## **9. PAY MULTIPLES**

The figures below exclude schools based employees and teachers as the Localism Act does not apply to local authority schools. They also exclude casual employees.

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> October 2013, this was £12,435 per annum, Grade 1 Spinal Column Point (SCP 5). There are 116 employees / 36.36 FTE (excluding casuals) on this grade and SCP currently.

Separate to the Council's pay and grading structure, we offer one year apprenticeship placements. The Council operates this scheme in line with the National Minimum Wage and the apprenticeship rate guidelines as follows.

There are different levels of National Minimum Wage, depending on your age and whether you are an apprentice. The current rates (from 1 October 2013) are:-

- £6.31 - the main rate for placements aged 21 and over
- £5.03 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.72 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.68 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship.

Additionally, there are a number of employees on other pay and conditions, as noted above, such as Craft, NHS and Soulbury employees on different pay structures, but none fall below the £12,435 FTE salary at SCP 5

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement (section 3, Pay Structure).

The current pay levels within the Council define the multiple between the average / mean full time equivalent earnings (£22,037.35) and the highest paid Chief Officer, the Chief Executive (£150,000) as 6.81.

Additionally, the multiple between the lowest paid employee (£12,435) and average Chief Officer salary (£86,881.11) is 6.99.

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required.

The pay multiples have increased slightly this year and, as such, the Council will be extra vigilant in monitoring these during the year to ensure they remain acceptable. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

## **10. ACCOUNTABILITY AND DECISION MAKING**

In accordance with the Constitution of the Council, the following arrangements are in place in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council, including Chief Officers.

Recruitment of Corporate Leadership Board (CLB) members shall be undertaken only via **Staffing Committee**, including the approval of job descriptions and person specifications.

Once a candidate has been selected and agreed, this is then communicated to Cabinet.

**Cabinet** then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.

For all Statutory posts and those with salaries above £100,000, Full Council then vote on the appointment of the successful candidate, following the recommendation made by Staffing Committee.

CLB Members comprise of:

Head of Paid Service

Chief Executive

Statutory Chief Officers

Chief Operating Officer (151 Officer)

Director of Public Health

Director of Adult Social Care and Independent Living

Director of Children's Services

Monitoring Officer and Head of Legal Services

Non-Statutory Chief Officers

Director of Strategic Commissioning

Director of Economic Growth and Prosperity

Head of People and Organisational Development / Head of HR & OD

**All posts below CLB level**

CLB Members are authorised to deal with the full range of employment and staff management issues, below CLB level including but not limited to appointments, terms and conditions (other than those negotiated nationally).

**11. RE-EMPLOYMENT/RE-ENGAGEMENT OF EMPLOYEES IN RECEIPT OF A LOCAL GOVERNMENT PENSION (INCLUDING CHIEF OFFICERS)**

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.

## **12. RE-EMPLOYMENT/RE-ENGAGEMENT OF FORMER EMPLOYEES (INCLUDING CHIEF OFFICERS)**

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 People and Organisational Development in consultation with the Leader and the relevant portfolio holder. Re-engagement includes all types of contractual relationships whether they be 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.

Prepared by:	HR Strategy and Policy Team
Date:	January 2014
Review Date:	April 2015

## Appendix 1 –

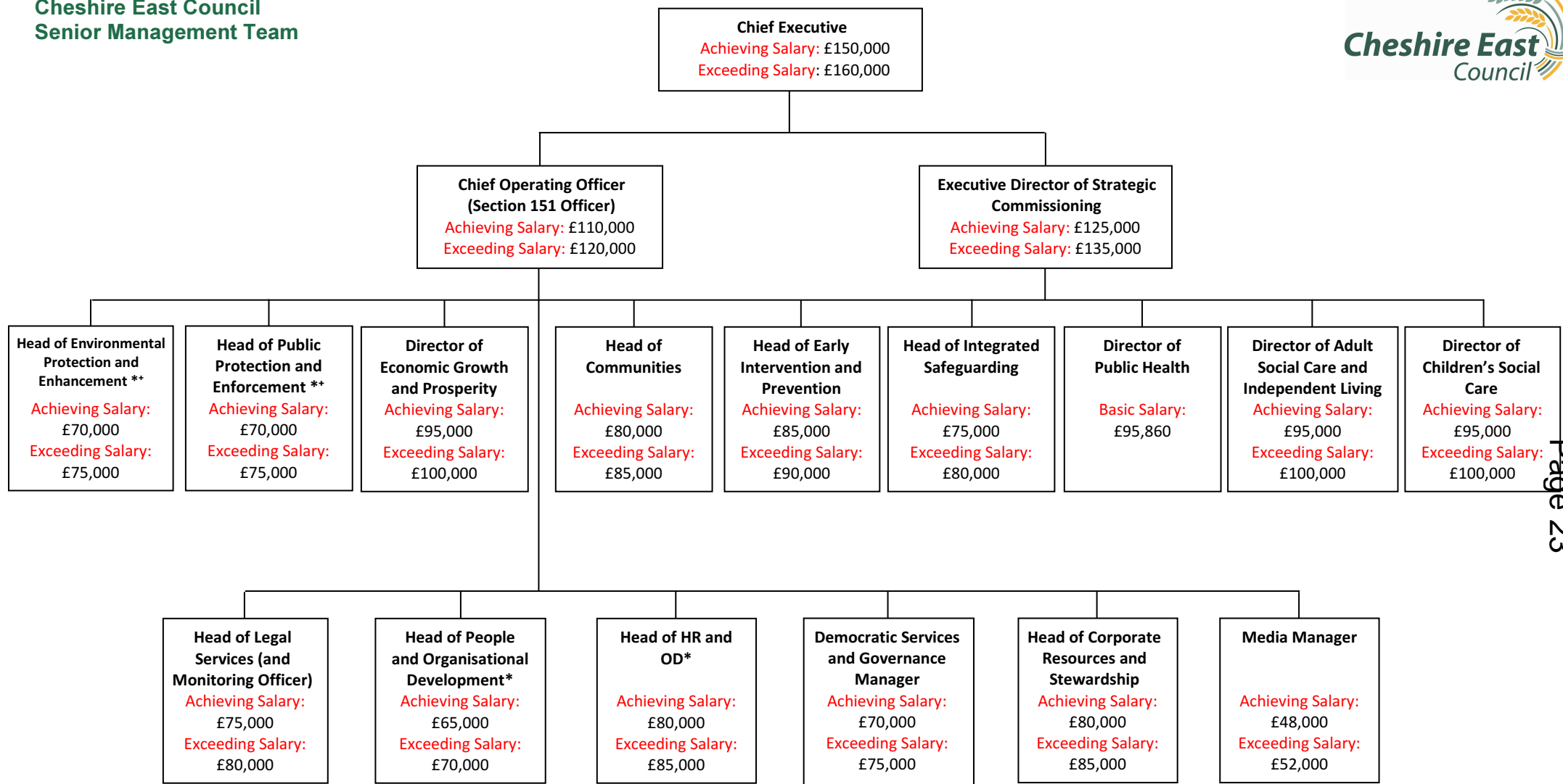
Table 1 – Senior Manager Pay

<b>Cheshire East 2013</b>	<b>Achieving Rate set between</b>	<b>Exceeding rate opportunity set at</b>
Manager	£48,000 - £58,000	Achieving rate plus £4000
Senior Manager	£55,000 - £70,000	Achieving rate plus £5000
Director	£75,000 - £95,000	Achieving rate plus £5000
Executive Director	£110,000 - £125,000  (Chief Executive salary set separately)	Achieving rate plus £10,000

## Cheshire East Pay and Grading Structure (NJC and JNC)

GRADE	SCP	SALARY			
1	4	12145	11	41	36182
	5	12312		42	37263
	6	12489		43	38342
2	6	12489	11	44	39544
	7	12787		45	40741
	8	13189		46	42014
3	9	13589	12	46	42014
	10	13874		47	43294
	11	14733		48	44771
4	12	15039	12	49	46251
	13	15444		50	47227
	13	15444		51	48200
5	14	15725			
	15	16054			
	16	16440			
6	17	16830			
	17	16830			
	18	17161			
7	19	17802			
	20	18453			
	21	19126			
8	22	19621			
	23	20198			
	24	20858			
9	25	21519			
	25	21519			
	26	22221			
10	27	22958			
	28	23708			
	29	24646			
11	30	25472			
	31	26276			
	32	27052			
12	33	27849			
	34	28636			
	33	27849			
13	34	28636			
	35	29236			
	36	30011			
14	37	30851			
	37	30851			
	38	32012			
15	39	33167			
	40	34501			





\*: Head of HR and OD assigned to lead HR and OD matters for new Alternative Service Delivery Vehicles with Head of People and Organisational Development now supporting remaining organisation.

\*\* : Subject to review in line with the ASDV programme.

### **Annex 3**

All of the relevant policies and procedures as referred to in the Pay Policy Statement can be found on the Staffing Committee Share Point site.

<http://mycheshireteams.ourcheshire.cccusers.com/sites/cecstaffcomm/default.aspx>

#### **Intranet links to the relevant policies and procedures:**

[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 trying to access copies of policies via [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk) please contact [HREnquiries@cheshireeast.gov.uk](mailto:HREnquiries@cheshireeast.gov.uk) to request copies of the policies.

## **Appendix 2: Pay Policy Statement 2013/2014**



### **PAY POLICY STATEMENT 2013/2014**

#### **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 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its 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;
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

“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 Officers”, 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.

Under this definition, the Council regards the following as its “Chief Officers”:

#### **Head of Paid Service**

Chief Executive

#### **Statutory Chief Officers**

Director of Finance and Business Services (151 Officer)

Strategic Director (Children, Families and Adults)  
Borough Solicitor and Monitoring Officer (also Returning Officer) (Vacant)

**Non-Statutory Chief Officers**

Strategic Director (Places and Organisational Capacity) (Vacant)  
Head of HR and Organisational Development

**Deputy Chief Officers**

Deputy Director of Children's Services (Lead Early Intervention and Prevention)  
Head of Service - Strategy Planning and Performance  
Head of Service – Children's Social Care  
Principal Manager Safeguarding & Specialist Services  
Head of Care4CE  
Head of Integrated Strategic Commissioning  
Head of Individual Commissioning & Personalisation for Adult Social Care  
Head of Business Management & Challenge  
Head of Development  
Head of Community Services  
Head of Performance, Customer Services and Capacity  
Head of Highways and Transport  
Waste & Recycling Manager  
Streetscape & Bereavement Services Manager  
HR Strategy & Organisational Development Manager  
HR Delivery Manager  
ICT Manager  
Finance Manager  
Shared Services and Procurement Manager  
Internal Audit Manager (Vacant)  
Democratic & Registration Services Manager  
Head of Health Improvement

The senior management structure and relevant grades for these posts (including any vacancies) is attached at Annex 2.

In addition, the Council will employ a number of Officers from the Public Health Service with effect from 1 April 2013. It is anticipated that some of these Officers will fall into the categories of Chief Officers or Deputy Chief Officers.

Once approved by the full Council, this policy statement will come into effect from 1 April 2013 and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.

Any decision under powers delegated in the Council's Constitution with regard to remuneration to be taken during 2013/14 will be bound by and must comply with this Statement.

The Head of Human Resources and Organisational Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.

## **2. OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION**

In determining the pay and remuneration of all of its employees, the Council will comply 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, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

## **3. PAY STRUCTURE**

The Council evaluates all Chief Officer roles, including the Chief Executive, using the HAY evaluation scheme. This ensures that different jobs having the same value are paid at the same rate i.e. the rate or pay scale linked to the “job score”. Up to Grade 18 (SCP 73) there is provision for progression by annual increments until the top of the pay scale is reached and most pay scales have 5 increments. However, incremental progression has been temporarily frozen for all employees (excluding Soulbury) until November 2013. This commenced in November 2011.

The Council uses the nationally negotiated pay spine(s) i.e. a defined list of salary points, as the basis for its local pay structure up to Spinal Column Point 38. The Council then deviates from the nationally negotiated pay spine and determines salary points locally up to SCP 73 / Grade 18 in order to provide flexibility to attract and appoint the best candidates taking into account local market conditions..

This defined pay structure then determines the salaries of all employees on NJC (National Joint Council for Local Government Services) and JNC (Joint Negotiating Committee for Chief Officers) terms and conditions, including Chief Officers, up to SCP 73 / Grade 18.

The Chief Executive and Chief Officers above Grade 18 (SCP 73), are paid a fixed spot salary with no provision for incremental progression. These posts are detailed below and the salaries for each grade are detailed in Annex 1:

- Chief Executive

Director 3:

- Strategic Director Places and Organisational Capacity

Director 2:

- Strategic Director (Children, Families and Adults)

Director 1:

- Director of Finance and Business Services (151 Officer)
- Head of Human Resources and Organisational Development

For these posts, the Council will normally use external advisers such as the Hay Group and the North West Employers Organisation when determining salary. The external advisor(s) would then provide information and advice as to the appropriate level at which to pitch the salary to be successful in recruiting. This statement and future benchmarking would also inform part of the process by which these salaries are reviewed.

Employees outside of this local pay and grading structure include the following groups of employees:

Soulbury - Education Psychologists and Advisers. Their pay is determined by the National Soulbury Committee.

NHS - Occupational Health Nurses & Public Health Officers. Their pay is determined in accordance with NHS Agenda for Change Pay Bands

Craft - Electricians, Mechanics etc. Their pay is determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees

In addition, there will from time to time be employees that have TUPE transferred into the authority on different pay and conditions.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national and local pay spine, for example through any agreed annual pay increases negotiated with joint 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 collective bargaining machinery.

In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, 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.

In addition, progression through the incremental scale of the relevant grade for NJC and JNC employees (including Chief Officers) is subject to completing

satisfactory service, which is reviewed on an annual basis. However, (as noted above), incremental progression has been temporarily frozen until November 2013. This commenced in November 2011.

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', particularly where this relates to a statutory post. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition 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.

#### 4. RECRUITMENT OF CHIEF OFFICERS

The Council's policy and procedures with regard to recruitment of Chief Officers are set out within the ***Recruitment Policy and Procedure*** (Annex 3) and as set out in the Staff Employment Procedure Rules in Part 4.

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*** (Annex 3).

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 minimum of the relevant pay scale for the grade, although this can be varied on an exceptional basis where necessary to secure the best candidate. Where the appointment salary is above the minimum point of the pay scale and is not affected by other council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the ***Pay and Allowances Policy*** 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.

Any temporary supplement to the salary scale for the grade is approved in accordance with the guidance document ***Payment of Market Supplements*** as a recruitment/retention incentive (Annex 3)

Currently two Chief Officers receive a market supplement:

- Deputy Director of Children's Services (Lead Early Intervention and Prevention) – supplement of £11,760. To be reviewed 16 April 2013.
- Head of Service, Children's Social Care – supplement of £7,000. To be reviewed 15 October 2013.

## **5. CHIEF OFFICER REMUNERATION**

With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory service, which is reviewed on an annual basis, currently, the level of remuneration is not variable dependent upon the achievement of defined targets. However, the Council expects high levels of performance from its employees and is currently exploring the possibility of linking pay to performance at some point in the future.

To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration relating to temporary additional duties are set out in Section 10 of the Pay and Allowances Policy (Annex 3). Where the full duties and responsibilities of a higher graded post are being undertaken, the payment will be the salary in the higher job that would apply were the employee acting-up to be promoted to that job. If the full duties and responsibilities are not being undertaken or if they are undertaken by more than one employee, the amount of payment should be calculated with reference to the salary of the higher graded post by the Head of Service in consultation with HR. It may consist of a monthly addition to salary or one or more lump sums to be paid at the end of, or during, the acting-up period.

Any changes to existing posts or additional posts created, with a salary above £100,000 and/or where the postholder is on JNC Chief Officer conditions and reports directly to the Chief Executive, will be subject to a vote by full Council prior to appointment / confirmation.

If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs – pension contributions, national insurance, paid leave etc. However, where necessary a higher "market rate" will be paid to secure a suitable individual and market rate will be established by reference to soft market testing, external advice and dialogue with peer authorities.



## 6. ADDITIONS TO SALARY OF CHIEF OFFICERS

- **Fee for acting as the Returning Officer and Deputy Returning Officer(s)**

Cheshire East Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Cheshire East the Borough Solicitor & Monitoring Officer has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity they are the Returning Officer for elections to the Council and to Parish Councils within this Borough. For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Scale of Fees. The Scale of Fees is agreed between and used by the four Cheshire Authorities.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections and recognises the personal nature and personal responsibility of the role of the Returning Officer. The agreed scale of fees is used to determine the fees of the Deputy Returning officers, who are appointed from time to time and other elections employees.

The Returning Officer for Cheshire East is very involved in the electoral process and exceeds the Performance Standard set by the Electoral Commission for “skills and knowledge of the Returning Officer”. There are no scheduled Borough or Parish elections during the 2013/14 financial year.

For each election the scale of fees are set by the Government and the Returning Officer is directly accountable in law to the Government in regards to their electoral duties.

- **Travel Allowances and Expenses**

The current rates (which were last increased in April 2009) for use of private vehicles on Council business for all employees are:

	Engine Size	Engine Size
REGULAR USERS	451 -999cc	1000cc+
Lump Sum	£846	£963
Per mile first 8,500	36.9p	40.9p
Per mile after 8,500	13.7p	14.4p

	Engine size	Engine Size
OCCASIONAL USERS	451 -999cc	1000cc+
Per mile first 8,500	46.9p	52.2p
Per mile after 8,500	13.7p	14.4p

The Council has a small number of employees who are assessed as regular car users and receive a lump sum payment (payable monthly) with a reduced mileage rate. Assessment criteria are used to determine eligibility for all employees (including Chief Officers). Currently no Chief Officers are in receipt of the regular user lump sum.

- **‘Green’ Salary Sacrifice Lease Car Scheme**

The Council has a ‘green’ salary sacrifice lease car scheme. This is an employee benefit, born out of the Government’s introduction of a 10% band for benefit in kind taxation on low emission vehicles. The scheme enables employees to drive a new, fully maintained and insured car, but at a significantly reduced cost and offers savings in tax (employee only) and national insurance for both the employer and the employee. As such, it is a very attractive proposition for both.

The Green Car Scheme is underpinned by a salary sacrifice arrangement. Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their cash remuneration, usually in return for their employer’s agreement to provide some form of non-cash benefit, in this case a car.

Whilst the scheme operates at no cost to the employer, in fact generating a saving overall, because it is being provided as a benefit by the Council it attracts a ‘Benefit in Kind’ (BiK) tax for employees on the scheme.

The scheme is open to all employees of the Council, subject to meeting the criteria set out in the scheme rules.

The level of CO2 emissions on the car chosen is important as it determines the benefit in kind tax to pay on the car (the non-cash benefit). The more environmentally friendly the car is, the greater the savings will be.

- **Relocation Expenses**

Where it is necessary for a newly appointed employee to relocate to take up appointment the Council may make a contribution towards relocation expenses, in accordance with the Relocation Expenses Policy (Annex 3). Under this policy, the Chief Executive, or their nominee, has discretion to agree relocation financial assistance for any external candidate appointed, up to a maximum of £10,000. The details of any such payment must be agreed at the time of making a job offer/during initial appointment. The relocation must bring the employee nearer to their workbase and, as such, support will not normally be given to employees who already live within 30 miles of the workbase. This discretion covers all items for which assistance may be given, which must be directly related to a home relocation within two years of appointment, for example removal expenses, legal and estate agents fees.

Travel Assistance may also be agreed for expenditure arising from a move from temporary accommodation to permanent home, (as well as for the initial move to temporary accommodation), normally provided that the second move takes place within the maximum two year period. Both sets of assistance are subject to the overall limit of £10,000 and the policy is very clear that an employee must not make a net financial gain from the assistance.

An employee who leaves the Council's employment within one year of appointment will be required to repay all of the assistance given. If they leave during the second year, the assistance must still be repaid but the amount will be reduced by one twelfth for each completed month of employment in that year.

The same policy applies to Chief Executive, Chief Officers and other employees.

- **Professional Fees and Subscriptions**

The Council will reimburse professional fees only for those employees where it is a legal requirement of their employment (subject to the employee paying the first £50) or, where employees are undertaking a training course and the membership of a professional body it is a requirement of the course. In those circumstances it will be paid for the period of study only. The Council has one policy and does not differentiate between Chief Officers and other employees.

## **7. LOCAL GOVERNMENT PENSION SCHEME**

The Local Government Pension Scheme and policy with regard to the exercise of discretions in Pension provision is an important part of the remuneration package.

All employees under the age of 75 and who have a contract of employment which is for 3 months or more are entitled to join the statutory Local Government Pension Scheme (LGPS). There are no restrictions on the minimum number of hours an employee must work to be entitled to join.

From 1 March 2013 (the staging date) Cheshire East Council will comply with the new pensions duties under the Automatic Enrolment Regulations 2012 as follows:

- All new Cheshire East employees from 1 March 2013 will be automatically entered into Scheme membership, and have to elect to opt out if they wish;
- All existing eligible employees who have previously opted out of scheme membership will be automatically re-enrolled into the scheme with effect from 1 October 2017, at the end of the allowed transitional period. They will retain the right to opt out again if they wish;

- All existing employees who fall into the non eligible category will be monitored from 1 March 2013 and will be automatically enrolled into scheme membership at the point that they meet the earnings and age threshold. They will retain the right to opt out if they wish;
- The Automatic Enrolment exercise will be repeated on a three yearly basis following the initial staging date.

Contribution bands are determined on full time equivalent pay on 1 April each year. The bands are shown below.

Annual Rate of Pay	Rate of Contributions
More than £85,300	7.5%
More than £45,500 and up to £85,300	7.2%
More than £34,000 and up to 45,500	6.8%
More than £20,400 and up to £34,000	6.5%
More than £15,800 and up to £20,400	5.9%
More than £13,500 and up to £15,800	5.8%
Up to £13,500	5.5%

This is the banding rate applicable at 1st April 2012. The increase applied is based on the Consumer Price Index (CPI) figure of September 2011 which stood at 5.2% and these rates will go up in line with the Consumer Price Index (CPI) each April.

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council must make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Cheshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate is set at 21.8% and this will increase to 22.30% with effect from 1 April 2013. These rates were set following the 2010 triennial valuation.

For more comprehensive details of the Local Government Pension Scheme and Cheshire Pensions Fund see <http://www.cheshirepensionfund.org/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the Chief Executive, Chief Officers and other employees alike.

The Scheme also provides for the exercise of discretions that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits

unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

The ***Pensions Discretions Policy*** (Annex 3) details the Council's agreed Pensions Discretions and applies equally to the Chief Executive, Chief Officers and other employees.

The Pension Scheme also provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the Chief Executive, Chief Officers and other employees. Employees aged 55 and above may apply to have their hours and/or their pay grade reduced and to seek agreement to early release to some or their entire pension.

The request can be considered if;

Either

- their substantive grade reduces by a minimum of 2 grades (e.g. Grade 6 to Grade 4)

And / Or

- their contract hours reduce by a minimum of 1/5

And

- at the same time, the employee can request early release of their accrued pension benefits in full or some of their accrued rights. Employees can now choose to take:
  - All or none of their pre April 2008 rights; and
  - All, some or none of their post March 2008 rights.

Any consequential fund strain payments to the pension fund are recoverable in three years with the discretion to extend the three years in exceptional circumstances. The Council's Staffing Committee will consider requests from the Chief Executive or a Chief Officer in respect of other employees.

## **8. REDUNDANCY PAYMENTS AND PAYMENTS ON TERMINATION**

- **Redundancy**

Where an employee is made compulsorily redundant, they will receive a redundancy payment in accordance with the State formula based on the employee's actual week's pay, plus any payment in lieu of notice where applicable and, payment for any annual leave for employees leaving the Council's employment with accrued leave which, by agreement is untaken at the date of leaving.

The Council also has a voluntary redundancy scheme in place which is applicable to all employees whose applications for voluntary redundancy are accepted as being in the interests of the Council. 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 weeks pay. This will be reviewed in August 2013. The Council reserves the right to change all discretionary elements.

When considering applications for voluntary redundancy the Council considers: -

- The need for the competency and skill set to meet current commitments
- The uniqueness of that competency and skill set in the organisation compared to the expected demand
- The likely need for that competency and skill set to meet future needs
- The likely timescale of future needs, comparing the cost of retention with the cost of VR and future re-recruitment
- The opportunity to cross skill or retrain remaining staff to fill the gap, and the cost and timescale to achieve this
- The cost of VR

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*** (Annex 3) 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***.

- **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.

In all efficiency cases, employees may be considered for a lump sum payment upon termination, based on the merits of each individual case but up to a maximum of the same amount that would be permitted under the Council's voluntary redundancy scheme.

Factors to be taken into account in awarding compensation would include:

- Overall reasonableness, including benefits to the Council tax payer by the employee leaving the Council's service.
- Direct financial savings to be incurred by the employee leaving the Council's service.
- Employee relations considerations.

Subject to requirements set out in the Policy, employees' aged 55 or above and in the LGPS with at least three months membership (or with transferred service) will also be entitled to access to their accrued LGPS pension on an unreduced basis.

In relation to pension enhancement, the Council's policy as set out above will apply to all employees aged over 55 only. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

All payments under this efficiency policy are subject to Cabinet approval.

- **Compromise Agreements**

The Council uses compromise agreements as a matter of course for all voluntary redundancies/severances and this applies to all employees, including Chief Officers. The use of standard compromise 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. .

A compromise agreement will take into account any outstanding contractual entitlement which the individual has to notice and will be in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 regulations. The compromise agreement will also take into account:

- The individual circumstances of the departure
- Value for Money for the authority
- The age and proximity to retirement of the individual,
- The risk and value of a potential claim against the authority
- The need for a speedy departure / 'opportunity lost' cost
- Any other material factors that may be considered

The final decision and approval for any termination payment and approval for the terms of a compromise agreement in relation all employees up to Deputy Chief Officer level (as defined in this Pay Policy Statement) rests with the Chief Executive. For all of the following posts (below), the final decision and approval will be with the Chief Executive in agreement with the Leader of the Council and the Chairman of Staffing Committee.

All Chief Officers (Statutory, non Statutory),  
All officers earning above £100,000 and  
All officers on JNC Chief Officer conditions and reporting directly to the Chief Executive,

Termination payments in addition to a payment in relation to contractual notice pay (and including any outstanding holiday pay) for the Chief Executive and the terms of any associated compromise agreement will be subject to approval by the Staffing Committee and reported to the next meeting of full Council, with an indicative sum/cost, for noting.

This will only apply where a termination payment is agreed with a Chief Executive on a consensual basis. The dismissal of a Chief Executive or a Statutory Officer is the subject of a designated statutory process and decision by the full Council.

## **9. PUBLICATION AND ACCESS TO INFORMATION**

Upon approval by full Council, this statement will be published on the Council's Website. Additionally, individual data (including names and job titles) relating to employees with a full time equivalent salary of £56,000 and above, will also be published on the Council's website. The publishing of names will be subject to individual consent for senior employees earning below £150,000.

An organisation chart of the Council's management structure, including salary bands and details of vacant posts is also published. The current chart is attached at Annex 2 for information.

Further information about the Council's commitment to transparency can be found at the attached link.

[http://www.cheshireeast.gov.uk/council\\_and\\_democracy/council\\_information/transparency.aspx](http://www.cheshireeast.gov.uk/council_and_democracy/council_information/transparency.aspx)

## **10. PAY MULTIPLES**

The figures below exclude schools based employees and teachers as the Localism Act does not apply to local authority schools. They also exclude casual employees.



The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> April 2013, this is £12,145 per annum, Grade 1 Spinal Column Point (SPC) 4. There are 102 employees / 32.79 FTE (excluding casuals) on this grade and SCP currently.

Separate to the Council's pay and grading structure, we offer one year apprenticeship placements. The Council operates this scheme in line with the National Minimum Wage and the apprenticeship rate guidelines as follows.

There are different levels of National Minimum Wage, depending on your age and whether you are an apprentice. The current rates (from 1 October 2012) are:

- £6.19 - the main rate for placements aged 21 and over
- £4.98 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.68 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.65 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship.

Additionally, there are a number of employees on other pay and conditions, as noted above, such as Craft, NHS and Soulbury employees on different pay structures, but none fall below the £12,145 FTE salary at SCP04.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement (section 3, Pay Structure).

The current pay levels within the Council define the multiple between the average / mean full time equivalent earnings (£21,525.15) and the highest paid Chief Officer, the Chief Executive (£140,000) as 6.50.

Additionally, the multiple between the lowest paid employee (£12,145) and average Chief Officer salary (£77,314.86) is 6.37.

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required.

The Council is satisfied with its current pay multiples but as part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the

Council will also monitor any changes in the relevant 'pay multiples' and may benchmark against other comparable Local Authorities.

## 11. ACCOUNTABILITY AND DECISION MAKING

In accordance with the Constitution of the Council, the following arrangements are in place in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council, including Chief Officers.

<p><b>Posts:</b> Head of Paid Service</p> <p>Statutory Officers (including 151 and Monitoring Officer)</p> <p>Chief Officers with salaries over £100,000 which are currently:</p> <p style="padding-left: 40px;">Strategic Director Places and Organisational Capacity</p> <p style="padding-left: 40px;">Strategic Director (Children, Families and Adults)</p> <p>Plus any other officers on JNC Chief Officer conditions reporting directly to the Chief executive.</p>	<p><b>Staffing Committee</b> oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p><b>Cabinet</b> then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p> <p>Full Council then vote on the appointment of the successful candidate, following the recommendation made by Staffing Committee.</p>
<p>Non Statutory Chief Officers and any Chief Officers / Deputy Chief Officers not included above.</p>	<p><b>Staffing Committee</b> oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p><b>Cabinet</b> then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p>

	Subject to no material or well founded objection being put forward, the appointment is then confirmed.
All other posts	The Chief Executive has the power to appoint all other staff but this authority is usually delegated to the relevant Director / Head of Service.

The Council's Constitution sets out the fuller roles and responsibilities of these groups.

## **12. RE-EMPLOYMENT/RE-ENGAGEMENT OF EMPLOYEES IN RECEIPT OF A LOCAL GOVERNMENT PENSION (INCLUDING CHIEF OFFICERS)**

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.

## **13. RE-EMPLOYMENT/RE-ENGAGEMENT OF FORMER EMPLOYEES (INCLUDING CHIEF OFFICERS)**

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 and Organisational Development in consultation with the Leader and the relevant portfolio holder. Re-engagement includes all types of contractual relationships whether they be 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.

Prepared by: HR Strategy and Policy Team  
Date: 11 January 2013  
Review Date: January 2014

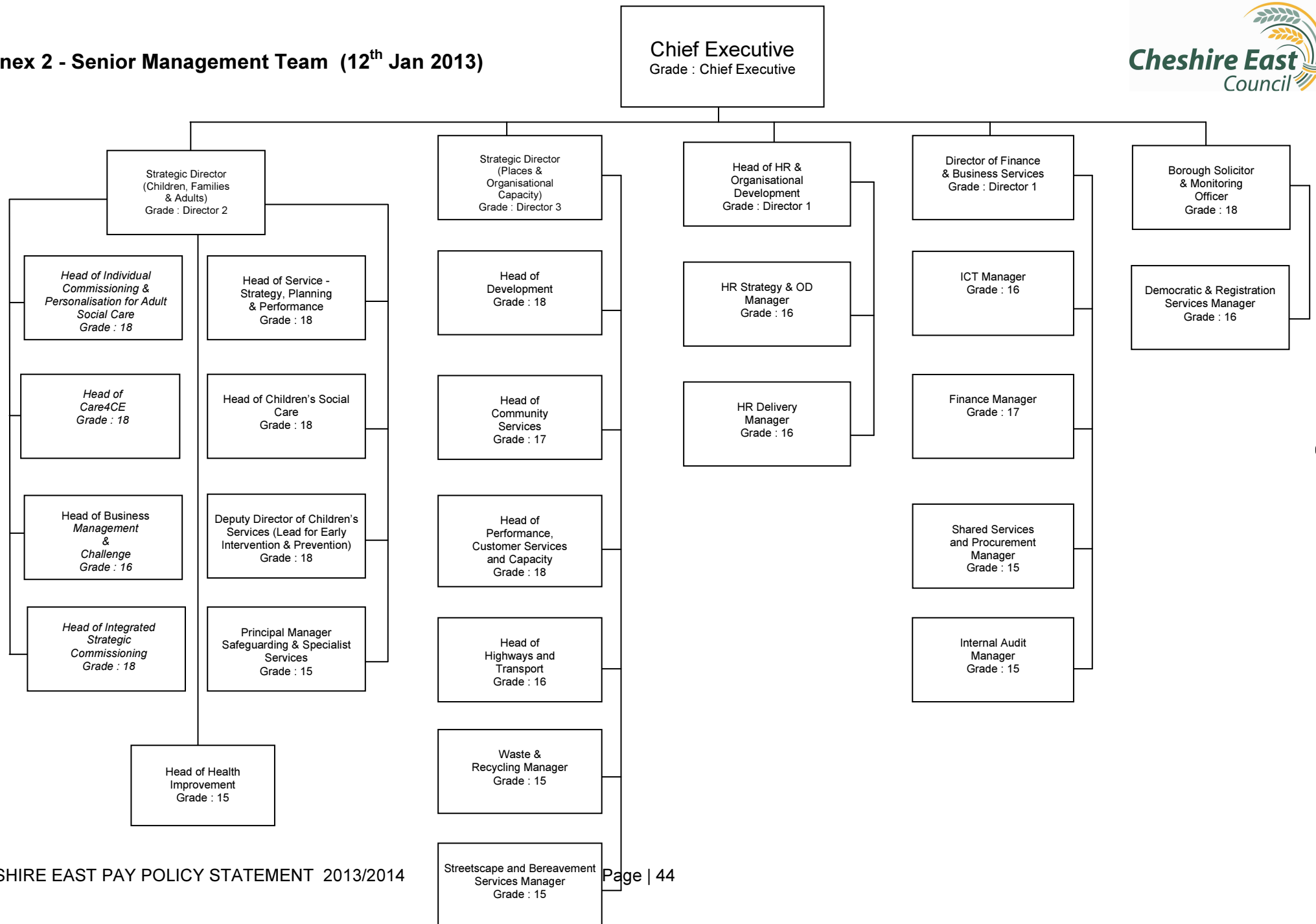
## Annex 1 – Cheshire East Pay and Grading Structure (NJC and JNC)

GRADE	SCP	SALARY			
1	4	12145	11	41	36182
	5	12312		42	37263
	6	12489		43	38342
				44	39544
2	6	12489		45	40741
	7	12787		46	42014
	8	13189		46	42014
	9	13589		47	43294
3	9	13589	12	48	44771
	10	13874		49	46251
	11	14733		50	47227
	12	15039		51	48200
	13	15444			
4	13	15444	JNC Chief Officers		
	14	15725	13	49	46251
	15	16054		50	47227
	16	16440		51	48200
	17	16830		52	48598
5	17	16830	14	53	49631
	18	17161		53	49631
	19	17802		54	50888
	20	18453		55	52144
	21	19126		56	53606
6	21	19126	15	57	55067
	22	19621		57	55067
	23	20198		58	56494
	24	20858		59	57924
	25	21519		60	59508
7	25	21519	16	61	61098
	26	22221		61	61098
	27	22958		62	62695
	28	23708		63	64299
	29	24646		64	66040
8	29	24646	17	65	67782
	30	25472		65	67782
	31	26276		66	69495
	32	27052		67	71212
	33	27849		68	73118
	34	28636		69	75023
9	33	27849	18	69	75023
	34	28636		70	76962
	35	29236		71	78906
	36	30011		72	81073
	37	30851		73	83240
10	37	30851			
	38	32012			
	39	33167			
	40	34501			

	41	36182
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Director 1	90320
Director 2	120000
Director 3	122000
Chief Executive	140000

## Annex 2 - Senior Management Team (12<sup>th</sup> Jan 2013)



### Annex 3

All of the relevant policies and procedures as referred to in the Pay Policy Statement can be found on the Staffing Committee Share Point site.

<http://mycheshireteams.ourcheshire.cccusers.com/sites/cecstaffcomm/default.aspx>

#### **Intranet links to the relevant policies and procedures:**

[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 trying to access copies of policies via [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk) please contact [HREnquiries@cheshireeast.gov.uk](mailto:HREnquiries@cheshireeast.gov.uk) to request copies of the policies.

### **Appendix 3 – Guidance on what must be included in a Pay Policy Statement**

A pay policy statement must set out the Authority's policies for the financial year relating to:

- The level and elements of remuneration for each Chief Officer
- Remuneration of Chief Officers on recruitment
- Increases and additions to remuneration for each Chief Officer
- The use of performance related pay for Chief Officers
- The use of bonuses for Chief Officers
- The remuneration of the lowest paid employees
- The relationship between Chief Officer's remuneration and that of other Officers.
- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Authority, and
- The publication of and access to information relating to remuneration of Chief Officers.

For clarity, the term 'remuneration' includes the following:

- Basic salary or, in the case of Chief Officers engaged by the Authority under a contract for services, payments made by the Authority to the chief officers for those services
- Any bonuses payable by the authority to the Chief Officers
- Any charges, fees or allowances payable by the Authority to the Chief Officers
- Any benefits in kind to which the Chief Officers are entitled as a result of the Chief Officer's office or employment
- Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the Authority, and
- Any amounts payable by the Authority to the Chief Officers on the Chief Officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

A pay policy statement must also set the Authority's policies for the financial year relating to the other terms and conditions applying to the Chief Officers.

The policy should explain the severance payment(s) to Chief Officers as part of a decision to terminate a contract for any reason as well as the Council's approach towards the reward of employees previously employed by the authority who, on ceasing to be employed, are in receipt of a severance or redundancy payment from that authority.