

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

REVISION OF THE 2013/2014 CHIEF OFFICER PAY POLICY STATEMENT

1 OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To outline and seek approval for revisions to the council's Chief Officer Pay Policy Statement for 2013/2014.

2 BACKGROUND INFORMATION

- 2.1 The council's Chief Officer Pay Policy Statement for 2013/2014 has been amended to incorporate relevant NHS public health posts which transferred to the council on 1 April 2013.
- 2.2 NHS public health employees transferred on the basis of a Transfer Order issued by the Secretary of State on a TUPE (Transfer of Undertakings (Protection of Employment)) like basis. Employees therefore receive protection of NHS terms and conditions in line with the principles of TUPE.
- 2.3 The remuneration of the posts of Director of Public Health, Consultant in Public Health (People), Consultant in Public Health (Places), Consultant in Public Health (Assurance and Protection) and Strategy and Relationship Manager (Public Health) is as set out in the NHS Terms and Conditions of Service Handbook.
- 2.4 The transfer of NHS public health employees has not changed the council's lowest pay point or the pay multiple which remains 7:1 (as at 30 April 2013). The 'pay multiple' is the ratio between the highest paid employee and the median average earnings across the council which acts as a means of illustrating the relationship between the highest and lowest paid.

2 OPTIONS FOR CONSIDERATION

- 3.1 To consider and accept the revised Chief Officer Pay Policy Statement for 2013/2014.
- 2.2 To reject the revised Chief Officer Pay Policy Statement for 2013/2014.
- 2.3 To make recommendations to extend the provisions of the Chief Officer Pay Policy Statement 2013/2014.

4 ANALYSIS OF OPTIONS

- 4.1 Accepting the proposed revisions will ensure the Chief Officer Pay Policy Statement 2013/2014 includes the council's approach to pay for public health employees designated as Chief Officers by virtue of the Localism Act 2011.
- 4.2 Rejecting the revised Chief Officer Pay Policy Statement 2013/2014 would mean the existing pay policy statement is silent on the council's approach to pay for public health employees designated as Chief Officers and may generate criticism from the public due to a failure to fully support the transparency agenda.
- 4.3 The Localism Act 2011 requires pay policy statements for each financial year and any in year amendments to the policy to be presented to and approved by a meeting of Full Council. Recommending changes to the proposed pay policy statement and the council's existing pay strategy would necessitate further consultation.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

There are no direct financial implications.

5.2 Staffing

There are no direct staffing implications. The revised Chief Officer Pay Policy Statement for 2013/2014 summaries the approach to pay for Public Health employees designated as Chief Officers by virtue of the Localism Act 2011.

5.3 Property

None.

5.4 IT

A copy of the council's revised Chief Officer Pay Policy Statement for 2013/2014 will be published on the council's website.

6 OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 The revised Chief Officer Pay Policy Statement 2013/2014 reflects the council's current approach to the pay and reward of the most senior employees, set within the context of the pay of the wider workforce. No adverse impact has previously been identified.

6.2 NHS public health employees who transferred to the council on 1 April 2013 receive protection of NHS terms and conditions in line with the principles of TUPE.

7 OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 The trade unions have been provided with a copy of the council's revised Chief Officer Pay Policy Statement for 2013/2014 and have raised no objections.

8 RECOMMENDATIONS

8.1 That the revised Chief Officer Pay Policy Statement for 2013/2014 be approved and adopted.

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Background Papers used in the preparation of this report: Nil

1.0 Introduction

- 1.1 Sections 38 – 43 of the Localism Act 2011 (the Act) require that the council produce a policy statement that covers a number of matters concerning the pay of the council's employees, principally Chief Officers. This policy statement meets the requirements of the Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard under Section 40 of the Act.
- 1.2 This policy was considered and approved by the Full Council at the meeting which took place on 14 May 2013.
- 1.3 This policy also has some connection with the data on pay and rewards for employees which the council publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011).
- 1.4 It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at section 11.0 of this document.
- 1.5 This policy statement does not cover or include school employees and is not required to do so.

2.0 Definition of officers covered by the policy statement

- 2.1 This policy statement covers the following posts:
1. Head of the Paid Service, which in this council is the post of Chief Executive.
 2. Chief Officers, which in this council are the posts of:
 - Director People
 - Director Places
 - Director Policy & Resources
 - Director of Public Health*

3. Deputy Chief Officers, (those who report directly to a Chief Officer) which in this council are the posts of:
- Assistant Director Education
 - Assistant Director Prevention & Commissioning
 - Assistant Director Children's Services
 - Assistant Director Adult Services
 - Assistant Director Human Resources
 - Assistant Director Legal & Democratic Services
 - Assistant Director Financial Services
 - Assistant Director Business Support
 - Assistant Director Customer Services
 - Assistant Director Community Services
 - Assistant Director Technical & Environment Services
 - Assistant Director Planning & Regeneration
 - Consultant in Public Health (People)*
 - Consultant in Public Health (Places)*
 - Consultant in Public Health (Assurance and Protection)*
 - Strategy and Relationship Manager (Public Health)*

3.0 Remunerating chief officers

- 3.1 The council's current arrangements for the remuneration of our chief officers are set out on the council's website. It is the policy of this council to establish a remuneration package for each chief officer post that is sufficient to attract and retain employees of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the council's requirements of the post in question at that time.
- 3.2 Grading of jobs is determined by the use of the council's job evaluation schemes to ensure that they are fair and non-discriminatory, comply with equal pay legislation and associated codes of best practice.

4.0 Remunerating the lowest paid in the workforce

- 4.1 The council applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of council decisions, these are then incorporated into contracts of employment.
- 4.2 The lowest pay point in this council is Grade 1 point 4. This equates to an annual salary of £12,145, an hourly rate of pay of £6.30. This pay point and salary was determined by the council as part of a pay scale for employees employed on National Joint Council (NJC) for Local Government Service terms and conditions on 1 April 2009 and has been applied since that date. The pay rate is increased in accordance with any pay settlements which are reached through the NJC for Local Government Services.

5.0 Relationship between chief officer remuneration and that of other employees

- 5.1 The highest paid salary in this council is £129,699 per annum which is paid to the Chief Executive.
- 5.2 The average median salary (as at 30 April 2013) in this council (not including schools) is £17,802 per annum.
- 5.3 The ratio between the two salaries above, the 'pay multiple' is 7:1. This council does not have a policy on maintaining or reaching a specific 'pay multiple', however the council is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the council as expressed in this policy statement.
- 5.4 The council's approach to the payment of other employees is to pay that which the council needs to pay to recruit and retain employees with the skills, knowledge, experience, abilities and qualities needed for the post in question at that time, and to ensure that the council meets any contractual requirements for employees including the application of any local or national collective agreements, or council decisions regarding pay.

6.0 Other aspects of chief officer remuneration

6.1 Other aspects of chief officer remuneration are appropriate to be covered by this policy statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of a Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this policy statement at Appendix 1.

7.0 Approval of salary packages in excess of £100,000

7.1 The council will ensure that at the latest, before an offer of appointment is made, any salary package for any post (not including schools) that is in excess of £100,000 will be considered by Full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

8.0 Flexibility to address recruitment issues for vacant posts

8.1 In the vast majority of circumstances the provisions of this policy will enable the council to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek Full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate council decision making route.

9.0 Amendments to the policy

9.1 It is anticipated that this policy will not need to be amended during the period it covers (14 May 2013 to 31 March 2014), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to Full Council for consideration.

10.0 Policy for future years

10.1 This policy statement will be reviewed each year and will be presented to Full Council each year for consideration in order to ensure that a policy is in place for the council prior to the start of each financial year.

11.0 Supporting legislation and statutory guidance

11.1 The Secretary of State for Communities and Local Government (CLG) Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning employees:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of employees reporting), and numbers of employees for all employees in receipt of a salary of more than £58,200
- An organisational chart of the structure of the authority including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

11.2 The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:

- Numbers of employees with a salary above £50,000 per annum (pro-rata for part-time employees) in multiples of £5,000

- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act
- Names of employees paid over £150,000 per annum

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension.

12.0 *Public Health transfer

- 12.1 With effect from 1 April 2013, NHS primary care trust public health commissioning functions transferred to the council under the Health and Social Care Act 2012.
- 12.2 NHS employees transferred on the basis of a Transfer Order issued by the Secretary of State on a TUPE (Transfer of Undertakings (Protection of Employment)) like basis. Employees therefore receive protection of NHS terms and conditions in line with the principles of TUPE.
- 12.3 The remuneration of the posts of Director of Public Health, Consultant in Public Health (People), Consultant in Public Health (Places), Consultant in Public Health (Assurance and Protection) and Strategy and Relationship Manager (Public Health) is as set out in the NHS Terms and Conditions of Service Handbook.

- 12.4 The NHS Job Evaluation Handbook (2010) sets out the basis of job evaluation which underpins the pay system and includes the factor plan, the weighting and scoring document and a guide for matching posts locally.
- 12.5 Other aspects of chief officer remuneration outlined in Appendix 1 of this pay policy statement may also be different for public health employees. The NHS Terms and Conditions of Service Handbook sets out the detail of other pay related enhancements and payable allowances/expenses including:
- Allowance payable relating to the maintenance of round the clock services (evening, night, weekend, bank holiday and on-call enhancements);
 - Overtime payments;
 - Recruitment and retention premia (now removed but payments subject to transitional protection arrangements);
 - Maternity, adoption and paternity leave and pay;
 - Redundancy pay;
 - Early retirement provisions;
 - Mileage allowances;
 - Subsistence allowances (including overnight allowances).
- 12.6 The NHS Terms and Conditions of Service Handbook can be accessed at: <http://www.nhsemployers.org/PayAndContracts/AgendaForChange/Pages/Afc-Homepage.aspx>
- 12.7 Other terms and conditions not covered in the handbook are determined locally following consultation with employee representatives.
- 12.8 Employees covered by the NHS Terms and Conditions of Service Handbook are eligible to join the NHS Pension Scheme.

Recruitment

- 1.1 The post will be advertised and appointed to at the appropriate approved salary level for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the council's policy and any variation will be approved through the appropriate council decision making process.

Pay increases

- 1.2 The council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The council will also apply any pay increases that are as a result of council decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts. Where a change in the duties of the post are significant a revised job description will be submitted for re-evaluation in accordance with the council's approved job evaluation scheme and Grading policy B.5.
- 1.3 If the evaluation results in a change in grade, the manager will prepare a report for consideration by the relevant cabinet member(s) and for approval by the Policy and Resources Cabinet Member.

Additions to pay

- 1.4 The council would not make additional payments beyond those specified in the contract of employment.

Performance related pay

- 1.5 The council does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure

high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Earn-back (Withholding an element of base pay related to performance)

- 1.6 The council does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

- 1.7 The council does not pay bonus payments to senior officers.

Termination payments

- 1.8 The council applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The council also applies the appropriate pensions regulations when they apply. The council has agreed policies on how it will apply any discretionary powers it has under pensions regulations. These discretions are set out in the council's Local Government Pension Scheme (LGPS) Discretionary Options and Compensation for Termination of Employment policy A.8a.
- 1.9 Any costs that are incurred by the council regarding senior officers are published in the council accounts as required under the Accounts and Audit (England) Regulations 2011 and can be viewed at www.northlincs.gov.uk.

Transparency

- 1.10 The council meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration. Detailed information can be viewed at www.northlincs.gov.uk.

Re-employment of staff in receipt of an LGPS pension or a redundancy/severance payment

- 1.11 The council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The council will always seek to appoint the best available candidate to a post, who has the skills, knowledge, experience, abilities and qualities needed for the post. The council will therefore consider all applications for candidates to try to ensure the best available candidate is appointed.
- 1.12 If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the council. Clearly where a former employee left the council on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The council will apply the provisions of the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 (the 'Modification Order') regarding the recovery of redundancy payments if this is relevant. Pensions regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.