

Statutory Pay Policy

NORTH DEVON COUNCIL

REPORT TO: COUNCIL

TOPIC Statutory Pay Policy 2020

DATE 22nd July 2020

Report By: HR Manager

1. INTRODUCTION

- 1.1 This report details the Council's Statutory Pay Policy, which under Section 38 of the Localism Act 2011 must be agreed annually by Full Council.

2. RECOMMENDATIONS

- 2.1 That the report, its Appendix and Annex thereto, be approved.

3. REASONS FOR RECOMMENDATIONS

- 3.1 There is a statutory requirement for Full Council to agree a Statutory Pay Policy each year.

4. REPORT

- 4.1 The attached draft Statutory Pay Policy Statement sets out the background to this matter and details the Council's policy which, subject to the agreement of members, will be published on the Council's web site.
- 4.2 The Annex to the draft Statutory Pay Policy Statement details the remuneration arrangements of the Chief Officers concerned.

5. COST IMPLICATIONS

- 5.1 There are no changes proposed to existing remuneration arrangements and therefore no immediate resource implications. Failure to publish a Statutory Pay Policy would leave the Council open to challenge and the opportunity costs associated with dealing with enquiries for information which would otherwise be available online.

6. EQUALITY AND HUMAN RIGHTS

- 6.1 Please refer to paragraph 7.1 of the attached Statutory Pay Policy Statement.

Statutory Pay Policy

7. CONSTITUTIONAL CONTEXT

Article and paragraph	Appendix & paragraph	Referred or delegated power?	A key decision?	In the Forward Plan?
Article 4	Part 2 Para 4.5.18	Delegated		

8. STATEMENT OF INTERNAL ADVICE

8.1 I have shared this report with Senior Management Team.

8.2 Financial Services have provided the figures for Annex A to the Statutory Pay Policy Statement.

9. STATEMENT OF CONFIDENTIALITY

9.1 There is no reason for this report to remain confidential.

10. BACKGROUND PAPERS

10.1 Localism Act 2011.

10.2 2019 report to Council by Human Resources Manager, Statutory Pay Policy Statement & Annex thereto.

Author: Nikki Gordon

Date: 9th July 2020

Statutory Pay Policy

North Devon Council

Pay Policy Statement for Chief Officers - 2020

1 Purpose and scope of the Policy

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a statutory Pay Policy Statement for 2012/13 and for each financial year after that.
- 1.2 In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.
- 1.3 This Pay Policy Statement applies specifically to chief officers (a term which includes both statutory and non-statutory chief officers) and addresses the legal requirement to set out how the policy for agreement of chief officer remuneration differs to that of other Council employees. For the purposes of this Statement this includes:
- **Head of Paid Service (the Chief Executive Officer)**
 - **Heads of Service including Section 151 Officer responsibilities and Monitoring Officer responsibilities**
- 1.4 The Hutton Report outlined that the most appropriate metric for pay dispersion is the multiple of chief executive to median earnings. Tracking this multiple will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce. Through this pay policy statement North Devon Council will track this multiple annually and will also publish the following information (please see Annex A) :
- the level and elements of remuneration for each chief officer;
 - the remuneration of the lowest paid employees;
 - the relationship between the remuneration of its chief officers and other officers;
 - other specific aspects of chief officer remuneration.

2 Terms Explained

Spot salaries – these are salaries which are a specific sum and are not related to a grade with increasing levels of pay.

Pay multiple – this is calculated by comparing all taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of benefits in kind) for the Head of Paid Service compared to median earnings and the lowest paid in the organisation.

Job Evaluation Scheme – North Devon Council uses the Inbucon scheme. It is a systematic process for defining the relative worth or value of jobs. It provides an objective basis for determining a rational pay structure.

3 Specific Policy Areas

- 3.1 The Joint Negotiating Committee has previously emphasised that ‘it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.’
- 3.2 Salaries below Head of Paid Service are subject to North Devon Council’s Job Evaluation Scheme.
- 3.3 The salary of the Head of Paid Service is a ‘spot salary’ and this has been and will continue to be agreed through an accountable and transparent process. Salary levels will be consistent with similar organisations which aim to pay according to median salaries. There will be due regard to balance the need to ensure value for money but enable North Devon Council to recruit and retain high quality chief officers in the context of national, regional and local labour markets.
- 3.4 In determining the remuneration package for appointments to Head of Paid Service, the Governance Committee will take independent pay advice from South West Regional Services or similar. The Governance Committee will then make recommendations which will be subject to the approval of Full Council.
- 3.5 The Governance Committee may recommend to Full Council changes to the remuneration package following any review. Any changes to the remuneration packages will be subject to Full Council approval.
- 3.6 Full Council will need to approve severance packages of £100,000 or more.
- 3.7 Salary increases in relation to cost of living will be made in line with National Joint Council recommendations.
- 3.8 At present, there are no additional payments made to senior officers which specifically relate to performance such as performance bonuses; neither is there an element of pay which can be enhanced for performance.

- 3.9 Any termination payments to chief officers on ceasing office will comply with North Devon Council's Redundancy and Early Retirement Policies.
- 3.10 Additional payments are made by Central Government to officers carrying out additional duties at elections. These payments are not within the scope of this policy.
- 3.11 Through this policy the pay multiple of the Head of Paid Service will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual salary paid to the Head of Paid Service be greater than 10, this will be reported by the Leader of the Council to Full Council for consideration.
- 3.12 Because of the specific structure within the Council, the Head of Paid Service manages a number of functions, and so the salary levels of only the Head of Paid Service and the Heads of Service are included in the Pay Policy Statement as an example. The Senior Solicitor is also included as he is the Monitoring Officer and this is a statutory position.

4 Outcomes

- 4.1 In introducing this policy North Devon Council will ensure that the process for setting pay at a senior level is transparent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.

5 Who is responsible for delivery?

- 5.1 The HR Manager is responsible for the delivery of this policy.

6 Performance Monitoring

- 6.1 Annual monitoring of this policy will take place in February/March.

7 Equality Impact Considerations

- 7.1 The principles of equal pay are integral to this policy. 'Equal work' is defined as:

- like work where the woman and the man are doing the same job; or
- work rated as equivalent where the two jobs are different but have been evaluated by the employer's job evaluation scheme (JES) at the same level/grade; or
- work of equal value where the jobs are again different but an argument is made that both jobs should be regarded as being of equal value or worth.

8 **Related Legislation, Guidance and Policies**

- Equal Pay Act
- Equality Act 2010
- Localism Act 2011
- Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme Regulations 2013
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014
- Accounts and Audit (Amendment)(Regulations) 2011
- Code of Practice on Data Transparency 29.9.2011
- Hutton Review of Fair Pay in the Public Sector
- Department of Communities and Local Government Guidelines
- Local Government Association Guidelines
- Redundancy and Redeployment Policy
- Early Retirement Policy
- Pension Discretions Policy
- Pay Policy
- Expenses Policy
- Nationally Agreed Subsistence Rates

Annex A

1. The levels and elements of remuneration for each chief officer are :

Post Title	Remuneration	Allowances
Head of Paid Service	£91,800 p.a.	Expenses when occur as set out in Expenses Policy e.g. mileage
Head of Service x 3	£52,009 - £56,928 p.a.	Expenses when occur as set out in Expenses Policy e.g. mileage
Senior Solicitor and Monitoring Officer (not Chief Officer)	£41,675 - £50,365 p.a.	Expenses when occur as set out in Expenses Policy e.g. mileage

2. The full time remuneration of the lowest paid employee (not including Apprentices):

Post Title	Remuneration	Allowances
CCTV Control Room Operator	£18,065 p.a.	Expenses when occur as set out in Expenses Policy e.g. mileage

3. The multiplier of the remuneration of the chief officer and other officers based upon taxable earnings :

Post Title	Total Remuneration
Annual median pay of all employees	£21,589 p.a.
Pay multiple of Head of Paid Service to median	4.25
Pay multiple of Head of Paid Service to lowest paid full time employee (Not including Apprentices)	5.08
Annual mean pay of all employees	£22,765 p.a.