

Appendices: 1



COUNCIL

15th June 2020

Agenda Status: Public

Directorate: Chief Executive

Report Title	Northampton Borough Council's Pay Policy Statement 2020/21
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1. Purpose

- 1.1 The Localism Act 2011 requires every local authority to publish a Pay Policy Statement annually. This report details the information which must be included in this statement and provides a Pay Policy Statement for approval for the year 2020/21.

2. Recommendations

- 2.1 It is recommended that Council approve the Pay Policy Statement for the financial year 2020/21 attached at Appendix 1.

3. Issues and Choices

3.1 Report Background

- 3.1 The Localism Act 2011 introduced a requirement for every local authority, to prepare and publish an annual Pay Policy Statement; which clearly sets out the authority's own policies on how much it pays its staff, particularly its senior staff (or 'Chief Officers') and its lowest-paid employees.

- 3.2 This requirement was introduced to:

- a) increase the accountability, transparency and fairness of setting local pay;
- b) give local people access to information to allow them to determine whether pay is appropriate; and

c) ensure that the pay of senior staff is fair in the context of the pay of the rest of the workforce.

d) To ensure that there is value for money for local taxpayers.

3.3 Specifically, the Localism Act 2011 requires the Pay Policy Statement to include the Council's policies for the financial year in relation to:

- a) The remuneration of Chief Officers (including salary, bonuses, charges, fees, allowances, benefits in kind)
- b) The remuneration of the Council's lowest-paid employees
- c) The relationship between the remuneration of Chief Officers and other employees who are not Chief Officers
- d) Remuneration for newly appointed Chief Officers
- e) Increases and additions to remuneration for each Chief Officer
- f) The use of performance related pay for Chief Officers
- g) The use of bonuses (if applicable) for Chief Officers
- h) The approach to the payment of Chief Officers on their ceasing to hold office under or be employed by the authority
- i) The publication of and access to information relating to the remuneration of Chief Officers.

3.4 The Council is required to have regard to any guidance issued or approved by the Secretary of State when preparing and approving its Pay Policy Statement. The Department for Communities and Local Government (DCLG) issued a guidance document under the Localism Act 2011 in February 2012 entitled "*Openness and accountability in local pay*". DCLG also issued supplementary Guidance in February 2013.

3.5 Pay Policy Statements must be prepared and approved for each financial year.

3.6 Once approved, the Pay Policy Statement must be published in such a manner as the Council thinks fit, which must include publication on the Council's website.

4. Implications (including financial implications)

4.1 Policy

There have been no changes to existing pay policies although a number are under review.

4.2 Resources and Risk

The Pay Policy Statement must be prepared for the financial year 2020/21, there may be no need for the Borough Council to publish a further Pay Policy document, this being a matter for the new Unitary Authority which will have its own staffing structures and pay. Once the proposed Pay Policy is in place it will provide the public with a clear rationale to explain the Council's approach to pay.

4.3 Legal

The main legal implications are set out in the body of the report. The requirements of the Localism Act 2011 to produce and publish the Pay Policy Statement supplement all the existing duties and responsibilities of the Council as an employer, particularly its responsibilities under the Equality Act 2010 to avoid discrimination and provide equal pay. Since the Pay Policy Statement contains policies concerned with remuneration rather than information relating to individuals, the provisions of the Data Protection Act are not engaged and there are therefore not any grounds upon which to exclude the public when Members are considering the Pay Policy Statement.

Councils are required, under the Localism Act 2011 to comply with the terms of the Pay Policy document, failing which any payments made to staff may be unlawful.

4.4 Other Implications

The Pay Policy Statement will assist the Council to monitor remuneration across the service and provide a fair system of remuneration, which avoids discrimination.

4.5 Equality

There is no direct impact on the equality context arising from this document as it is a statement of existing policy, which itself is equality compliant.

5. Background Papers

None specifically



Pay Policy Statement 2020/21

1. Introduction

- 1.1 Northampton Borough Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to service of the public, but at the same time needs to avoid being unnecessarily generous or excessive.
- 1.2 It is important that local authorities are able to determine their own pay structures in order to address local priorities, compete in the local market and deliver value for money for local taxpayers.
- 1.3 In particular, it is recognised that senior management roles in local government are complex and diverse functions in a highly politicised environment where often national and local pressures conflict. The Council's ability to continue to attract and retain high calibre managers capable of delivering this complex agenda, particularly during times of financial challenge, is crucial if the Council is to retain its current high performance levels.
- 1.4 The Council is committed to ensuring that it is open and transparent about its pay policies and how pay decisions are made. This Pay Policy Statement fulfils the Council's statutory requirements under the Localism Act 2011 and was agreed by Full Council on [15th June 2020].
- 1.5 The Council publishes information on all senior employees earning £50,000 or above in the open data pages of the Council's website.

2. Scope

- 2.1 This Pay Policy Statement applies to all employees covered by the NBC local pay bargaining arrangements, which were introduced on the 1 April 2015.

It sets out the Council's policies on:

- a) The remuneration of Chief Officers
- b) The remuneration of the Council's lowest paid employees

- c) The relationship between the remuneration of Chief Officers and other employees who are not Chief Officers
- d) Remuneration for newly appointed Chief Officers
- e) Increases and additions to remuneration for each Chief Officer
- f) The use of performance related pay for Chief Officers
- g) The use of bonuses (if applicable) for Chief Officers

2.2 Remuneration in this context is defined widely and includes not just salary, but other elements of remuneration including expenses, bonuses, performance related pay and other contractual arrangements that include possible future severance payments.

2.3 For the purposes of the Pay Policy Statement, the term Chief Officer refers to the Chief Executive (Head of Paid Service), the Monitoring Officer, Section 151 Officer and Heads of Service (using the Director title).

3. Basic Pay Determination

3.1 The pay grade and terms and conditions that are applied to each post are determined through the process of job evaluation. Both Hay and National Joint Council (NJC) schemes are used. The key principles underlying the application of job evaluation in the Borough Council are:

- Consistency of application to ensure fairness;
- Application by appropriately trained and experienced employees;
- Openness and transparency to ensure accessibility for employees and their representatives;
- Incorporation of the principle of equal pay for work of equal value.

3.2 The pay grade of the workforce (all staff other than Chief Officers) will be in accordance with pay grades 1-11 on locally agreed pay structures, also established on 1 April 2015.

3.3 Starting salary for all appointments (new recruits, employees who transfer within the organisation and promoted employees) is the first point of the new grade. In exceptional circumstances (which must be supported with a business case), a starting salary above the minimum will be approved. This occurs in cases where it is necessary to meet an existing salary and the candidate can demonstrate a level of skill and experience that is comparable to existing employees who have progressed through the grade.

4. Chief Officer Pay (Senior Management Team)

4.1 The pay grade of posts on Hay terms and conditions, notably the Monitoring Officer, Section 151 Officer and Heads of Service (using the Director title) posts will be in accordance with Senior Manager pay grades on the locally agreed pay structures which were established on 1 April 2015.

Senior Management Pay Grades	
Grade	Salary range (£)
SMG1	49,142-56,968
SMG2	58,678 -68,023
SMG3	70,064 – 76,487
SMG4	83,662 – 91,418

Director Pay Grade – Not currently in use	
Grade	Salary Range (£)
CDG	102,888-124,061

Chief Executive Grade	
Grade	Salary (£)
CEX	149,726

- 4.2 Any increase to the senior pay group pay scale is locally negotiated on an annual basis. This covers posts in the top three tiers of the Council; that is, the Chief Executive, Monitoring Officer, Section 151 Officer and Heads of Service (using the Director title).
- 4.3 There are presently no other additional elements of remuneration in respect of overtime, flexi-leave, bank holiday working, standby payments for Chief Officers. Any duties undertaken by Chief Officers outside of their contractual hours are normally without additional payment. The Council may, in very exceptional circumstances, agree to additional payments where the need is clearly demonstrated, or it could decide to allow Chief Officers to accumulate Toil/Flexi-hours.
- 4.4 Bonuses are not paid to Chief Officers.

5. Decisions on Remuneration

- 5.1 The Appointments and Appeals Committee comprises six members of the Council (of whom at least two are Cabinet members). In relation to appointments, the Appointments and Appeals Committee has the delegated authority to:
- (i) Recommend to the Council the appointment of the Chief Executive.
 - (ii) To make appointments of other Chief Officers.
 - (iii) To undertake all associated activities including agreeing job descriptions, person specifications, the interview process generally.
- 5.2 Decisions on remuneration are made as follows:

- a) Chief Executive Officer local pay level approved by Full Council;
- b) Monitoring Officer, Section 151 Officer and Head of Service – (using the director title) local pay level approved by
Appointments and Appeals Committee;
- c) Pay structure for all other posts approved by General Purposes Committee;
- d) Performance Progression Scheme in accordance with the locally agreed scheme, as approved by officers under existing delegated powers;
- e) Notwithstanding “a” to “d” above, any salary packages of £100,000 or more requires Full Council approval. (A salary package includes salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment); and
- f) Notwithstanding “a” to “d” above or any aspect of this Statement, any severance package of £100,000 or more requires Full Council approval. The components of a severance package may include salary paid in lieu, redundancy compensation, pension entitlements (excluding the capital value of any pension entitlement), holiday pay and any bonuses, fees or allowances paid).

5.3 Pay award

Since 1 April 2015, cost of living increases in relation to all employees are determined locally. The General Purposes Committee ratifies the level of increase, if any, to be applied to the published pay rates, by reference to the Council’s performance against measurable targets and overall affordability. The pay rates will be updated as soon as negotiations are complete and Committee ratification has been given each year.

5.4 Individual salary level

Progression through development points staff below Head of Service Level.

The Performance Progression Policy dated 1 April 2020 details how individuals might progress through the development points and there is no automatic progression. Personal development in role may be recognised by the award of discretionary consolidated pay movements each year, in accordance with locally agreed step values, through the grades. Awards may be considered only on completion of Personal Development Plan milestones and where contribution and competence have been suitably evidenced and assessed via the performance management scheme (appraisal).

Progression related to Performance for Chief Officers

Individuals are rated on their appraisal outcome. Performance in role may then be recognised by the pay awards, which are at the sole discretion of the Chief Executive.

5.5 Additional Fees

Additional fees apply to the role of the Returning Officer. This is a statutory role incurring personal responsibility and accountability separate from the Returning Officer’s normal employment contract. The Returning Officer is paid a separate allowance for each election for

which he/she is responsible. The local scale of fees went to General Purposes Committee on 18 March 2019 where it was approved. The scale of fees was accepted and that it would increase each year in line with annual pay award. The national election fees are prescribed by statutory instrument and funded by government.

5.6 Market Supplements

Paying a Market Supplement may be a necessity and the current Market Supplement Policy (under review) outlines the guidance for the application of a market supplement, including the need to undertake a market review on an annual basis. Any payments need to comply with the approved market supplement policy extant at the time.

6. Pay Equity and the Pay Multiple

- 6.1 A pay multiple is the ratio of the pay of an organisation's top earner to that of the mean/median earner.
- 6.2 The Council's current ratio in this respect is the Chief Executive (top earner) earns 4.6 times more than the Council's median earner (£15.26 per hour). When measured against the mean salary (£16.28 per hour), the ratio is 4.31.
- 6.3 The Council does not currently have a policy of maintaining or reaching a specific pay multiple target. The Council commits to calculating the pay ratio on an annual basis to monitor trends and to ensure that this pay multiple does not widen.
- 6.4 The Council monitors the relationship between the remuneration of its Chief Officers and the remuneration of its lowest paid employees. The Council defines its 'lowest' paid employees as employees paid on the first spinal column point (scp 11) of the pay spine. This is the lowest rate of pay applied to Council employees, currently £18,443 per annum. The Council has applied the Living Wage Foundation Living Wage, which means that the lowest paid employee is on the equivalent of £18,082 a year for the full-time role. The Council has separate rates for Apprentices that are linked to the Living Wage.

7. Termination of employment and Severance Packages

- 7.1 On ceasing to be employed by the Council, employees will be paid contractual payments due under their contract of employment.
- 7.2 The Council's Redundancy Policy (implemented in January 2012, revised in January 2015 and reviewed in February 2016, (currently under review) details the conditions under which redundancy payments can be made. The Council calculates redundancy payments based on an individual's actual pay, length of continuous service and age.
- 7.3 Severance payments are made in accordance with the Council's Redundancy Policy and relevant employment legislation.

7.4 Employees with more than two years' service, if made redundant, will be entitled to redundancy pay in line with local government guidelines, the Council's Redundancy Policy (under review) and statutory provisions. Redundant employees will receive two elements of their final pay:

- Normal pay (including pay in lieu of any outstanding leave) up to the agreed leaving date;
- A redundancy payment (where entitled) calculated in accordance with the statutory provisions and the Council's Redundancy Policy (under review).

In exceptional circumstances, the Council reserves the right to make a payment in lieu of notice. This will only be considered if it is in the best interests of the Council, or on compassionate grounds, and will require authorisation by the Chief Executive or in his absence, the section 151 Officer.

Under the Council's current Redundancy Policy, a week's pay will be calculated on the basis of contractual pay.

7.5 Employees in the pension scheme and who are over age 55 are entitled to immediate onset of pension benefits based on actual reckonable service if they:

- Are over 55 at the termination date;
- Have three or more months membership in the Local Government Pension Scheme (LPGS) or with transferred service

7.6 An employee will lose their entitlement to redundancy pay if they take up a post with another body covered by the Redundancy Payments (Local Government)(Modification)(Amendment) Orders within four weeks(31 days) of the date of the redundancy and the offer of the new job has been made before the end of the original contract.

7.7 Re-engagement of former employees

Any former NBC Council employee, who is in receipt of an early retirement pension on the grounds of voluntary or compulsory redundancy, should not normally be re-employed by the Council either on the basis of a contract of employment or a contract for services with the Council. If there is any doubt about the continuing need for an employee's services then early retirement should not be agreed.

However, it is recognised that there are some, very limited, circumstances when reemployment would be in the interests of the Council. In these cases, a report should be submitted to the Chief Executive or his or her nominated senior management representative, seeking approval to re-employ.

Employees who take advantage of the flexible retirement options, should not be re-employed on the same hours, in the role that they have retired from.

7.8 Use of consultants, contractors and temporary staff

The Council is acutely aware of its obligation to secure value for money in the employment of its employees and those who carry out work on its behalf. Ordinarily employees will be employed directly by the Council but there may be occasions when consultants and contractors and temporary staff may be required to be employed for a period of time for their specialist expertise or to temporarily cover vacant posts. IR35 regulations will be taken into consideration when recruiting to these requirements.

8.0 Discretionary Payments

The policy for the award of any discretionary payments is the same for all staff regardless of their pay level. The following arrangements apply:

Redundancy payments, under the Council's current Redundancy Policy (under review) are calculated using actual pay instead of the statutory maximum pay when calculating redundancy payments.

Any discretionary payments arising through the termination of the employment contract will be made using delegated powers and will be based on a full written risk assessment and legal advice.

9.0 Dying to Work

Northampton Borough Council together with several other organisations has signed up to the Dying to Work Charter for the protection of its staff during the time of terminal illness. This charter aims to show compassion and support to terminally ill staff. As part to the Charter pledge, NBC will not use disciplinary action to terminate an employee's contract of employment for being too unwell to work. Instead the Charter empowers the HR manager to look at various options tailored to each circumstance such as:

- Extension of half pay using the CEO's discretion as per the absence policy
- ill-health retirement.

The Council recognises that it is important during personally traumatic times that NBC values its employees in this way and that the employees of the council understand that this support is in place for them should they be affected personally by a terminal illness issue.

10.0 Review

This Pay Policy Statement will be reviewed annually and recommended to Full Council for approval. The statement for 2020/2021 will be submitted to Full Council for approval on 15th June 2020.

The Council may by resolution of the Full Council, amend this Pay Policy Statement during the course of the year to which it relates.

