Taunton Deane Borough Council

Executive - 9 February 2012

Localism Act: Pay Policy Statements

Report of the Retained HR Manager

(This report is the responsibility of Executive Councillor Stock-Williams)

1 Executive Summary

The purpose of this report is:-

- (1) to advise members of the requirements of the Localism Act to prepare and approve a Pay Policy Statement through Full Council before 31 March 2012.
- (2) to provide information on the range of issues that a Pay Policy Statement is required to cover; and
- (3) advise on the process being adopted in developing the Pay Policy Statement and provide an update from the South West Council Workshop held on 2 February 2012.

2 Background

- 2.1 Section 38(1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy Statement for 2012/13 and for each financial year thereafter.
- 2.2 This statement must set out the policies on which remuneration of its chief officers and its lowest paid employees (and the relationship between them) are based.
- 2.3 The statement must be approved by Full Council and cannot be delegated. It must be approved by 31 March annually.
- 2.4 The definition of chief officers is set out within the Act and is wider than those posts where we are currently required to publish salary details for as it will include some direct reports to Strategic Directors (not administrative or support posts). It should be noted that as the Pay Policy Statement relates to 'policies' there is no additional requirement to disclose the salaries related to these posts.
- 2.5 The definition of remuneration is not limited to salary although it is not yet clear what level of benefit should also be included.

- 2.6 The Council must also define who their lowest paid employees are and in doing so must say why they have chosen that definition.
- 2.7 In addition to the requirements of the Localism Act the Council will need to determine if it will monitor salaries and relationship between salaries through 'pay multipliers' as recommended by the Government and Will Hutton's review of fair pay in the public sector. Communities and Local Government have recently concluded consultation on 'Openness and accountability in local pay; Draft guidance under section 40 of the Localism Act' and the outcomes of this are not yet known.

2.8 Pay Policy Statements must also;

- set out arrangements for the remuneration of chief officers on appointment need to be set out;
- set out arrangements for payments on termination of employment for chief officers even if covered by other approved policies.
- set out arrangements for the re-employment of chief officers; and
- be published on the Council's internet site.

3 Development of the Pay Policy Statement

- 3.1 As members will be able to determine the development of Pay Policy Statements is still in its infancy and the requirements of the Act are being considered by authorities.
- 3.2 Corporate Scrutiny considered the issue of Pay Policy Statements at its meeting on 26 January 2012 and a copy of the relevant minute is attached as Appendix A.
- 3.3 South West Council ran a workshop for senior HR staff on 2 February 2012 with a Senior Advisor from the Local Government Employers organisation. Any relevant feedback from this session will be provided to the Executive at the meeting. This session will have enabled the Council to test it's thinking against up to date advice which hopefully will include the latest guidance from CLG.
- 3.4 Discussions continue to take place with South West Councils, neighbouring authorities and the local UNISON Branch on emerging practice and it is clear that, for the vast majority of councils, 2012/13 will see Pay Policy Statements being developed that meet the minimum requirements. This approach would then allow councils to consider the requirements of the Localism Act and CLG Guidance in a more measured manner.
- 3.4 The intention is to provide the first draft Pay Policy Statement to Executive on 9 February 2012 before consideration by Council on 21 February 2012. This

will, due to the date of the Regional Workshop, be issued as a supplementary paper.

4 Financial Implications

4.1 There are no financial implications associated with the creation, approval and publication of the Pay Policy Statement.

5 Legal Implications

5.1 This is a new legal requirement laid down in the Localism Act and the implications of a failure to comply are already set down in this report.

6 Links to Corporate Priorities

6.1 Although there are no direct links to Corporate Priorities this is a legal requirement and is therefore seen as good governance.

7 Finance Comments

7.1 Any financial implications from the implementation of a pay policy will be assessed and reported through the normal budget setting and monitoring processes for the Council.

8 Risk Management

Risk	Consequence	Probability	Impact	Treatment
The Pay Policy Statement does not comply with legislation	Possible challenege by CLG	1	1	Advice and guidance is being sought from South West Councils on ensuring compliance.
UNISON challenge definitions of lowest paid and content of statement.	Delays in approving the statement	1	2	Consultation has already commenced and there is sufficient time to respond to issues raised.

9 Equalities Issues

9.1 The proposed statement is required to meet legislation and does contain information related to equality issues. The statement will be published through the Council's internet and be available in alternative formats.

10 Partnership Implications and Consultation

10.1 There are no partnership implications and staff affected by the pay Policy Statement have been advised of the requirement of the Localism Act.

11 UNISON Consultation

11.1 UNISON have been advised of the requirement for the Council to approve a Pay Policy Statement and will be consulted on the development and content of the Pay Policy Statement.

12 Recommendations

12.1 To provide comments on proposed development of the Pay Policy Statement for 2012/13 so that the Statement can be drawn up for consideration by Council on 21 February 2012.

Background Papers

Localism Act 2011

Communities and Local Government; The Code of Recommended Practice for Local Authorities on Data Transparency September 2011

Local Government Association (LGA) and Association of Local Authority Chief Executives (ALACE); Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives – 25 November 2011

Communities and Local Government (CLG); Openness and accountability in local pay; Draft guidance under section 40 of the Localism Act – November 2011

Local Government Association (LGA) and Association of Local Authority Chief Executives (ALACE); Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives Supplementary Note 1 – 12 January 2011

The Local Government and Housing Act 1989

Contact: Martin Griffin

Retained HR Manager

01823 356533

m.griffin@tauntondeane.gov.uk

Draft Minute from Corporate Scrutiny Committee 26 January 2011

127. Localism Act – Pay Policy Statement

Considered report previously circulated, concerning the requirements of the Localism Act 2011 to prepare and approve a Pay Policy Statement.

Section 38(1) of the Localism Act 2011 required English and Welsh Local Authorities to produce a Pay Policy Statement for 2012/2013 and for each subsequent year.

The Statement had to include policies on which remuneration of its employees and the relationship between them were based.

In addition to the requirements of the Act, the Council would need to determine if it would monitor salaries and relationship between salaries through 'pay multipliers'. The Pay Policy Statement also had to:

- Set out arrangements for the remuneration of Chief Officers on appointment;
- Set out arrangements for payments on termination of employment for Chief Officers even if covered by other approved policies;
- Set out arrangements for the re-employment of Chief Officers;
 and
- Be published on the Council's website.

Discussions were taking place with South West Councils, neighbouring Local Authorities and the local UNISON Branch regarding the emerging practice. Pay Policy Statements could then be developed in line with the requirements of the Localism Act 2011 and guidance from the Department for Communities and Local Government.

During the discussion of this item, Members made the following comments and asked questions. Responses are shown in italics:

 Did the new requirement form part of Government Policy to set senior salaries for Councils? The Government had been clear that the requirement to approve an annual Pay Policy Statement, in no way restrained Councils from setting appropriate salaries for their own circumstances. The requirement ensured transparency and clarity in decision making;

- What would be different from previous arrangements? As the Pay Policy Statement would be a summary of all the relevant policies relating to senior salaries, remuneration etc, it would provide one document where this could be contained;
- What level of multiplier should be used and what benefit would this be to the Council? No decision had been made as yet and further advice and guidance was being sought from South West Councils and the Local Government Employers Association; and
- Had discussions been held within the region to set benchmark salaries for senior staff? No such discussions had taken place, or were planned.

Resolved that the comments of the Corporate Scrutiny Committee be considered by the Executive.

Taunton Deane Borough Council

Pay Policy Statement - 2012/13

The Pay Policy Statement for Taunton Deane Borough Council will apply to the following posts which collectively will be referred to as 'chief officers' for the purpose of this statement and for this statement only:

- Chief Executive Officer (Head of Paid Service)
- Strategic Director posts including the role of Section 151 Officer
- Theme Managers including the role of Monitoring Officer
- A person for whom the head of the authority's paid service is directly responsible.
- A deputy chief officer who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the statutory or non-statutory chief officers.

Note: A person whose duties are solely secretarial or clerical or are otherwise in the nature of support services shall not be regarded as a non-statutory chief officer or a deputy chief officer.

1) The Level and Renumeration for each Chief Officer

Details of the level and remuneration for the identified chief officer posts is set out in Appendix 1.

Salary information is also published on the Council's website to comply with the Accounts and Audit (Amendment) Regulations 2011 and the Code of Practice on Data Transparency 2011. It should be noted that there are different reporting dates and standards for this information.

2) Remuneration of Chief Officers on Appointment

a) Chief Executive, Strategic Directors, Theme Managers, Regeneration Manager and Commercial Manager Posts

The Leader of the Council will, after taking independent pay advice from South West Councils or similar, recommend the remuneration package on appointment to the above posts to Full Council prior to advertisement of the vacancy. The remuneration package will therefore be subject to the approval of Full Council.

b) All other chief officer posts

The salary for all other posts covered by this Pay Policy Statement will be set within the job evaluation scheme operated by the Council. All other elements of remuneration will follow either the National Joint Committee for Local Government Services' (NJC) National Agreement on Pay and Conditions or local policy approved by the Council.

3) Increases and additions to remuneration for each chief officer

a) Chief Executive and Strategic Director Posts

The Leader of the Council may recommend to Full Council within the remuneration package prior to appointment how salary progression and any annual pay reviews will be administered or calculated. Any further changes to the remuneration package will be subject to Full Council approval.

Any annual pay award for the Chief Executive will follow the JNC for Chief Executives national pay award.

Any annual pay award for Strategic Director posts will follow the JNC for Chief Officers national pay award.

b) Theme Managers, Regeneration Manager and Commercial Manager

The Leader of the Council may recommend to Full Council within the remuneration package prior to appointment how salary progression and any annual pay reviews will be administered or calculated. Any further changes to the remuneration package will be subject to Full Council approval.

Any annual pay award for these posts will follow the NJC for Local Authority Services national pay award.

c) All other Chief Officer posts

The salary for all other posts covered by this Pay Policy Statement will be set within the Single Status Salary Scheme previously approved by Full Council. Any annual pay award increases will follow the NJC settlement. Any other increases or additions outside the approved Single Status Salary scheme and not specifically allowed for in this Statement will be subject to approval by Full Council.

4) Use of Performance Related Pay for Chief Officers

No performance related pay scheme is currently operated for chief officers. Should any performance related pay schemes for chief officers be implemented they will be subject to approval in advance by Full Council.

5) Use of Bonuses for Chief Officers

Bonuses are not currently paid to chief officers. Bonuses to chief officers will only be paid if approved in advance by Full Council.

6) Use of Honoraria

The policy on the use of Honoraria is set out in the Council's Tartan Book (TDBC local terms and conditions of employment) and may be applied to any post.

7) Use of Market Supplements

Currently no market supplements are paid to chief officers. Approval must be obtained from Full Council before an award of a market supplement payment can be made to any chief officer post other than those covered by the approved Job Evaluation Scheme.

8) Payment of chief officers on their ceasing to hold office under or be employed by the authority

Any termination payments to chief officers on ceasing office will comply with the Redundancy and Severance Pay Policy current at that time which will have been approved by Full Council. No additional termination payments will be made without the approval of the Executive, this will include any Compromise Agreement settlements, which may be subject to a confidentiality clause. The current Taunton Deane Compensation Policy is attached in Appendix 2.

9) Remuneration of chief officers who return to Local Authority employment

Where the chief officer:

a) was a previously employed chief officer who left with a severance payment and applies to comeback as a chief officer.

Executive approval would be required to authorise re-employment within the authority of a previously employed chief officer who had left with a severance payment and is seeking re-employment within the severance payment payback period.

b) was previously employed by the same authority and has comeback as a chief officer under a contract for services.

The Executive will be required to approve any award of a 'contract for services' to a chief officer who has previously been employed by the authority.

c) are in receipt of a Local Government Pension Scheme Pension

If an employee receiving a pension from the Local Government Pension scheme becomes re-employed then their pension could be affected. If their pension plus the earnings from their new job is higher than the final pay their pension was calculated on, then their pension will be affected. For every pound that their earnings plus pension exceed previous pay, then their pension will reduce by a pound. This abatement will last for as long as the person exceeds their limit (so either when the new job ends or they reduce their hours so their earnings drop down below the acceptable level).

An abatement is not applied where the member's pension is less than £3000 per annum.

10) Employer Pension Discretions

All posts are eligible to be in the Local Government Pension Scheme and employers contributions for 2012/13 are 17.3%. The employer pension discretions will be subject of approval by Full Council. The Pensions Discretions adopted by the authority are attached in Appendix D.

11) Publication of and access to information relating to remuneration of chief officers

The remuneration of employees earning over a salary of £58200 per annum (the minimum level required by the Code of Practice on Data Transparency 2011) will be published on the Taunton Deane Borough Council website.

12) Lowest paid staff

The Council's lowest paid staff are defined as those on the lowest job evaluated grade within the authorities pay structure. Other than posts identified as chief officers within this Statement and recognised apprentices all posts within the Council have been subject to Job Evaluation to assess the value of job content and then, subject to that value, have been placed in the agreed Taunton Deane Borough Council pay scales (TDBC Grades A to L).

At present there are no posts evaluated within Grade A and therefore under the agreed pay structure the minimum starting salary for any staff member covered by the scheme will be the first incremental point of Grade B which is a full time equivalent salary of £12787.

Nationally the lowest pay point is National Spinal Column Point 4 (£12145).

13) Relationship between lowest pay and chief officer pay

The principle of using 'pay multiples' to track and review salary relationships has been, through the Review of Fair Pay in the Public Sector 2011 and the CLG's guidance on transparency, recommended as a way forward for local authorities.

The current multiplier between the lowest paid employee and highest paid chief officer is 8.66:1.

The current multiplier between the mean FTE salary and highest paid chief officer is 4.5:1.

Should either the multiplier between the annual salary paid to a full time employee on the lowest spine point and the annual salary paid to the highest paid chief officer be greater than 1:10 or the multiplier between the mean FTE salary and highest paid chief officer be greater than 1:5 then this will be reported by the Leader of the Council to Full Council for consideration.

14) Payments for Elections

Additional payments are made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and will vary on the responsibility undertaken. Chief Officers to whom these payments are made are identified above.

15) Notes

- i) All salary references are for full time equivalent salaries and pay multipliers are all calculated using FTE salaries without additional payments being included.
- ii) The statement excludes any posts seconded into Southwest One.

Appendix 1

The Level and Remuneration for each Chief Officer

Post	Statutory Role	Terms and Conditions and JE Status	Salary	Salary Progression	Bonus or Performance related pay	Other Benefits	Pension Enhancement in Year
Chief Executive	Head of Paid Service	JNC Chief Executives – Out of JE	£90,708 - £100,786	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription Election Payments – Returning Officer Payments relating to LGPS Employer Contributions	No
Strategic Director	Section 151 Officer	JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Honorarium Payment for S151 Role Lease Car Payment of Professional Subscription CMT Duty Roster Payments	No

						relating to LGPS Employer Contributions	
Strategic Director		JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Cash Alternative to Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer	No
Strategic Director		JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Contributions Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Legal and Democratic Manager	Monitoring Officer	NJC Local Authority Services – Out of JE	Below £58,200	Spot Salary	No	Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS	No

					Employer Contributions	
Strategy Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription CMT Duty Roster	No
					Payments relating to LGPS Employer Contributions	
Performance and Client Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription	No
					Payments relating to LGPS Employer Contributions	
Growth and Development Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription	No
					Payments relating to LGPS Employer Contributions	

Community Services Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription CMT Duty Roster Payments	No
					relating to LGPS Employer Contributions	
Regeneration Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription	No
				—	Payments relating to LGPS Employer Contributions	
Commercial Manager	NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Payments relating to LGPS Employer	No
Economic Development Manager	NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Contributions Payment of Professional Subscription	No
					Payments relating to LGPS Employer Contributions	

DLO Lead	NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Essential Car User Payments relating to LGPS Employer	No
Corporate Support Lead – Theme 1	NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Contributions Lease Car Payment of Professional Subscription Election Payments Payments relating to LGPS Employer Contributions	No
Electoral Services Manager	NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Election Payments – Deputy Returning Officer Payments relating to LGPS Employer	No

					Contributions	
Legal Services	NJC Local	Below £58200	Annual Increment	No	Payment of	No
Manager	Authority		subject to		Professional	
	Services - In		satisfactory		Subscription	
	JE		performance.			
					Payments	
					relating to LGPS	
					Employer	
					Contributions	
Parish Liaison	NJC Local	Below £58200	Annual Increment	No	Election	No
Officer	Authority		subject to		Payments	
	Services - In		satisfactory			
	JE		performance.		Payments	
					relating to LGPS	
					Employer	
					Contributions	

Taunton Deane BC - Compensation Policy

Appendix 2

- 1. The following policy on Compensation Payments applies to redundancies and early retirements on the grounds of efficiency of the service, which take effect after 31st March 2007.
- 2. The calculation of redundancy payments is on the basis of actual salary.
- 3. The Council exercises discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, to make compensatory payments to employees being made redundant based on a multiplier of three times the number of weeks an employee would be entitled to under the statutory redundancy formula, inclusive of any statutory redundancy payment, up to a maximum of 90 weeks' pay.
- 4. The Council requires that the full cost of any redundancies is recovered within a period not exceeding five years or by the normal retirement age, whichever is sooner.
- 5. Employees who are eligible to be paid a compensation payment on being made redundant, and who are members of the Local Government Pension Scheme, are given the option of converting their compensation payment (excluding the statutory redundancy payment) into augmented pensionable service. Augmentation is not an option where the compensation payment (excluding the statutory redundancy payment) purchases more pensionable service than the maximum allowable at age 65.

- 6. No compensation payments are made to employees who are allowed to retire early on the grounds of interests of efficiency of the service, following a voluntary request from the employee.
- 7. Where early retirements in the interests of efficiency of the service are management instigated, the Council awards a lump sum compensation payment, which is based on the enhanced compensatory element (excluding the statutory redundancy payment) awarded on redundancy.

(For example: 2 x Stat Red = Interests of efficiency)

8. Employees who are eligible to be paid a compensation payment on early retirement in the interests of efficiency of the service and who are members of the Local Government Pension Scheme, are given the option of converting their compensation payment into augmented pensionable service. <u>Augmentation is not an option where the compensation payment purchases more pensionable service than the maximum allowable at age 65.</u>

APPENDIX C

Taunton Deane Borough Council – Job Evaluated and Locally Determined Pay Scales

April 2011

Job Evaluated Pay Scales

Grade			SCP		
Α	4	5	6	N/A	N/A
	£12,145	£12,312	£12,489		
В	7	8	9	10	11
	£12,787	£13,189	£13,589	£13,874	£14,733
C	12	13	14	15	16
	£15,039	£15,444	£15,725	£16,054	£16,440
D	17	18	19	20	21
	£16,830	£17,161	£17,802	£18,453	£19,126
E	22	23	24	25	26
_	£19,621	£20,198	£20,858	£21,519	£22,221
F	27	28	29	30	31
	£22,958	£23,708	£24,646	£25,472	£26,276
G	32	33	34	35	36
"	£27,052	£27,849	£28,636	£29,236	£30,011
н	37	38	39	40	41
	£30,851	£31,754	£32,800	£33,661	£34,549
1	42	43	44	45	46
•	£35,430	£36,313	£37,206	£38,042	£38,961
	47	48	49	50	51
J	£39,855	£40,741	£41,616	£42,510	£43,377
К	52	53	54	55	56
"	£44,262	£45,138	£46,023	£46,704	£47,388
L	57	58	59	60	61
•	£48,066	£48,747	£49,428	£50,109	£50,790

Locally Determine Pay Scales

Chief Executive

£90,708 to £100,786

Strategic Directors

£64,251 to £71,391

Theme Managers

£50,797 to £55,029 with Monitoring Officer on 'spot salary' of £56,679

WRITTEN STATEMENT ON LOCAL GOVERNMENT PENSION SCHEME EMPLOYERS DISCRETIONS AND KEY PENSIONS POLICY

TAUNTON DEANE BOROUGH COUNCIL

FEBRUARY 2012

LGPS (Administration) Regulations 2008

Regulation 12

It is not the policy of the Council to augment active member's service.

Regulation 13

It is not the policy of the Council to grant additional pension service to an active member.

Regulation 18

The Council will allow benefits to be paid to a member of staff if they reduce their hours/grade (known as flexible retirement) and this is set out in the Flexible Retirement Policy.

Regulation 18

With regard to flexible retirement the Council retains the right to waive the actuarial reduction of benefits.

Regulation 30

The Council will allow individual employees the option to request early payment of benefits after age 55 which will be considered on a case by case basis following the production of a business case. In these cases no additional compensation will be awarded.

Regulation 30

With regard to the early payment of benefits after age 55 the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

LGPS Admin Regulations

Regulations 16/83

It is not Council policy to extend the 12 month limit on transfer of previous pension rights into the LGPS.

Regulation 3

It is not the Council policy to determine employee contribution rates as changes occur during the financial year.

Regulation 22

It is not Council policy to extend the 30 day period members of staff have to opt to repay contributions due after absence (in relation to strike action etc)

The Local Government (Early Termination of Employment) Discretionary Compensation Regulations 2006

As set out in the Redundancy Policy the Council do not limit redundancy payments to the statutory maximum weekly pay threshold and instead use actual weekly pay of the employee.

The Council does not offer a minimum payment with regard to redundancy. Benefits are calculated using actual weekly pay and the statutory number of weeks as calculated against continuous local government service (and service covered by the Modification Order.

The Council provides up to 60 weeks compensation, in addition to any redundancy payment as set out in both the Compensation Policy.

Where additional compensation is paid the employee has the option to augment pension benefits by using all of the additional compensation unless specific criteria are met.