

**Pay Policy Statement 2014/2015**

**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 the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.
- 1.2. It is important that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market.
- 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.

**2. Legislation**

- 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 after that.

**3. Scope**

- 3.1. This Pay Policy Statement includes a policy on:-
  - (a) The level and elements of remuneration for each Chief Officer;
  - (b) The remuneration of the lowest paid employees;
  - (c) The relationship between remuneration of Chief Officers and other officers and
  - (d) Other specific aspects of Chief Officer remuneration, fees and charges and other discretionary payments.
- 3.2. Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.

**4. Senior Pay**

- 4.1. In this policy the senior pay group covers posts in the top three tiers of the organisation. These include the Chief Executive, Directors and Heads of Service.

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4.2. The Council has the following established number of posts at this level, 1 x Chief Executive, 2 Corporate Directors and 8 Heads of Service (including the Head of the JPU).

4.3. The management structure of the organisation can be found at the attached link on the Council's website.

4.4. The policy for each group is as follows:-

### 4.5. Chief Executive Officer

(a) The salary for this post is £138,310. This is a local grade, following an analysis of the degree of responsibility of the role, the size of the Borough, market rates and benchmarking with other comparators.

(b) This salary was approved by the authority's full Council on 6 August 2007. There are no additional bonus, honoraria or ex gratia payments.

(c) There is a Chief Executive Performance Related Pay (PRP) scheme. The annual value of the PRP element is determined by the percentage cost of living award provided each year by the JNC for Chief Executives. As there has been no cost of living for the last 4 financial years, there has been no PRP payable to the Chief Executive. No cost of living or thereby PRP element is expected to be applied in 2014/15.

(d) Other conditions of service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives national conditions.

### 4.6. Corporate Directors and Heads of Service

(a) The salaries for these posts are based on a Senior Management grading structure comprising of 5 Grades. The breakdowns of these grades are 4 Senior Management grades (SMG1, SMG2, SMG3 and SMG4 for Heads of Service) and a Director grade. These posts are evaluated using the Hay job evaluation scheme and are currently within the following ranges:

<b>Senior Management Pay Grades</b>	
Grade	Salary Range (£)
SMG1	44,505 – 51,593
SMG2	53,141 – 61,605
SMG3	63,453 – 73,570
SMG4	75,768 – 87,832

<b>Director Pay Grade</b>	
Grade	Salary Range (£)
Director	93,180 – 114,602

- (b) Use of the Hay scheme ensures that the relative “weight” of these roles can be objectively measured using consistent and robust criteria.
- (c) Progression through the relevant grade is linked to performance and is based on and related to improvements in service, corporate improvements and supporting the Team Northampton ethos. The senior management PRP procedure can be found at the attached link on the Council’s website.
- (d) There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments etc. paid to these senior staff as they are expected to undertake outside their contractual hours and working patterns without additional payment.
- (e) Other terms and conditions are as prescribed by Joint Negotiating Committee for Chief Officers of Local Authorities (as applied by Northampton Borough Council).

#### **4.7 Additional Fees**

Special fees are paid for Returning Officer duties, which are not part of the post holder’s substantive role. These fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role. The Returning Officer is an officer of the Borough Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the Borough Council, the role of Returning Officer is one, which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the Borough Council. As Returning Officer he/she is paid a separate allowance for each election for which he/she is responsible. A scale of election fees was agreed by the Council and increases in line with the Consumer Price Index (CPI).

#### **5. Pay Structure**

- 5.1. The pay structure for all employees other than the Senior Management Team (Chief Executive, Directors and Heads of Service) falls under two national terms and conditions, either National Joint Committee (NJC) Local Authorities Services or Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees.

##### **National Joint Committee (NJC) Local Authorities Services**

- 5.2. The pay structure for the staff covered by the NJC was implemented on 1 January 2011. The spinal column points within the grading structure are based on the NJC Local Authorities Services National Pay Spine. The Council defines its lowest paid employee as employees paid at spinal column point 8, at a full time equivalent basic pay rate of £13,321 per annum. This is the lowest salary that Northampton Borough Council currently pays any employee. This is within the pay and grading pay structure, which ranges from grade 1 to 11.
- 5.3. All posts under the NJC are evaluated using the Local Government Single Status Job Evaluation Scheme, which is recognised by employers and trades

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unions nationally. This scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements.

- 5.4. Performance within the grade for all staff is subject to satisfactory performance, which is assessed annually in accordance with the Council's agreed Performance Progression Policy

### **Allowances and benefits in kind**

- 5.6 Allowances and benefits were renegotiated as part of the pay and grading review, which was implemented on 1 January 2011. The full terms and conditions document can be found in the "Terms and Conditions in full" document which can be found on the attached link on the Council's website.

### **Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees**

- 5.7 The pay structure for the staff covered by the JNC was established on 1 May 2013. The lowest paid employee within the Council is currently paid at a full time equivalent basic pay rate of £22,725 per annum.

## **6 Payment/charges and contributions**

- 6.1 All staff who are members of the Local Government Pension Scheme make individual contributions to the scheme in accordance with the following table:

Band	Range	Contribution Rate %
1	£0 - £12,900	5.5
2	£12,900.01 - £15,100	5.8
3	£15,100.01 - £19,400	5.9
4	£19,400.01 - £32,400	6.5
5	£32,400.01 - £43,300	6.8
6	£43,300.01 - £81,100	7.2
7	£81,100 +	7.5

- 6.2 The Council makes employer's contributions into the scheme, which are reviewed every 3 years by the actuary. The current rate for the Council is 13.3%.

- 6.3 The LGPS is changing on 1 April 2014, the proposed employee contribution rates as of this date are:

Pay Bands	Contribution Rates
Up to £13,500	5.5%
£13,501 - £21,000	5.8%
£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%

£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
Over £150,000	12.5%

Contribution rates are based on pensionable pay, employee contribution rates under the new scheme will be based on actual pay and not full time equivalent pay.

## **7 Multipliers**

- 7.1 The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner has been recommended in order to support the principles of Fair Pay (Will Hutton 2011) and transparency.
- 7.2 The Council's current ratio in this respect is 5.4:1 i.e. the Chief Executive (top earner) earns 5 times more than the Council's median earner (£25,727). When measured against the mean earner (£26,914), the ratio is 5.1:1.
- 7.3 The Council does not currently have a policy of maintaining or reaching a specific pay multiple target. These multipliers will be monitored each year within the Pay Policy Statement to monitor trends and ensure that this pay multiple does not widen.

## **8 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:

- 8.1 Redundancy payments under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. The Council has decided to use actual pay instead of the statutory maximum when calculating redundancy payments.
- 8.2 Additional membership for revision purposes under regulation 12 of the Local Government Pension Scheme (Benefits, Memberships & Contributions) Regulations 2007.
- None awarded.
- 8.3 Additional Pension under regulation 13 of the same legislation.
- None awarded.
- 8.4 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, legal risk assessment and written legal advice.

## **9 Use of consultants, contractors and temporary staff through personal service companies**

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The Council is acutely aware of its obligation to secure value for money in the employment of its employees and those who carry our work on its behalf. Ordinarily employees will be employed directly by the Council but on an exceptional basis, where particular circumstances deem it necessary, people may be employed through personal service companies. In the first instance the Council will use a managed service provider (this contract is currently run by Carlisle Managed Solutions). When a personal service company is needed the Council will give detailed consideration to the benefit of using such a company and the need to ensure that value for money is achieved. Such arrangements will require prior approval by Chief Executive or Director (depending upon whether the post is part of the establishment).

## 10 Termination of Employment

### 10.1 Severance Payments

Severance payments are made in accordance with the council's Redundancy Framework and are the same for all staff. Employees with more than two years' service will be entitled to redundancy pay in line with local government guidelines 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;

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 Authority, or on compassionate grounds, and will require authorisation by relevant Senior Officers

Under the Council's redundancy scheme a week's pay will be calculated on the basis of actual contractual pay.

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
- They have 3 or more months membership in the Local Government Pension Scheme (LGPS) or with transferred service.

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 4 weeks of the date of the redundancy and the offer of the new job has been made before the end of the original contract.

## 11 Re-Engagement

Any former NBC Council employee who is in receipt of an early retirement pension on the grounds of efficiency, redundancy or at their own request, should not normally be immediately re-employed by the Council either on the

basis of a contract of employment or a contract for service 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 re-employment would be in the interests of the Council. In these cases a report should be submitted to the Corporate Director or his or her nominated senior management representative seeking approval to re-employ for a specified limited period.

Where an employee has been made redundant and receives a severance payment (and therefore without a pension) there should be no re-employment until the expiry of the period for which the number of weeks' severance payment has been given, e.g. if the employee has received a severance payment equal to 16 weeks pay, the earliest re-employment could be considered would be 16 weeks after the date of termination.

## **12 Decision on Remuneration on Appointment and Severance Packages**

Decisions on remuneration are made as follows:

- (a) Chief Executive Officer local pay level approved by Full Council;
- (b) Director [and Head of Service] 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 schemes and as approved by officers under existing delegated powers. The Performance Progression Scheme can be found at the attached link on the Council's website.
- (e) Not with standing "a" to "d" above any salary packages of £100,000 or more require 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).
- (f) Notwithstanding "a" to "d" above, any severance packages of £100,000 or more require Full Council approval. (A severance package may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid).

## **13 Disclosure**

This Pay Policy Statement will be published on the Council's website. In addition, details of staff paid above £50,000 are disclosed in accordance with the Government's Code of Recommended Practice for Local Authorities on Data Transparency. This information can be viewed at the attached link on the Council's website.

For further information please contact:-

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