

Pay Policy Statement 2012/2013

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.
- 2.2. This document comprises the Pay Policy Statement being recommended for adoption by Northampton Borough Council.
- 2.3. The Act and supporting statutory guidance provides details of matters that must be included in the statutory pay policy but also emphasises that each local authority has the autonomy to make its own decisions on pay and pay policies. The Pay Policy Statement must be approved formally by full Council by the end of March each year, can be amended in the year and must be published on the Council's website and must be complied with when setting the terms and conditions of Chief Officer employees.

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.
- 4.2. The Council has the following number of posts at this level, 1 x Chief Executive, 4 Corporate Directors and 11 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 2012/13.
- (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:

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

Director Pay Grade	
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 lowest paid employee within the Council is currently paid at spinal column point 6, at

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a full time equivalent basic pay rate of £12,849 per annum. 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 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 for NJC employees. The scheme is being phased in as follows:-
- Grade 6 and above 1 April 2012
 - Grade 5 and below 1 April 2013
- 5.5. The Performance Progression Policy provides with the following adjustment within the prescribed grade:-

For those staff that are linked to organisational and individual performance rating (Grades 6 and above), the progression structure to be paid to employees will be based on the following matrix (numbers reflect the number of incremental rises within the grade that can be awarded):

		Individual Performance Rating			
		Fails to meet expectations	Meets some expectations	Meets expectations	Exceeds expectations
Organisational Assessment	Under Performing	0	0	1	1
	Performing	0	1	1	2
	Highly Performing	0	1	2	2

For those staff that are linked to individual performance rating (Grade 5 and below) the progression structure to be paid to employees will be based on the following matrix (numbers reflect the number of incremental rises within the grade that can be awarded):

Individual Performance Rating			
Fails to meet expectations	Meets some expectations	Meets expectations	Exceeds expectations
0	1	1	2

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 31 March 2008. 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%.

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 5.3:1 i.e. the Chief Executive (top earner) earns 5 times more than the Council’s median earner (£26,314). When measured against the mean, the ratio is 4.9:1.

- 7.3 These multipliers will be monitored each year within the pay policy statement.

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:

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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

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's will use a managed service provider (this contract is currently run by Carlisle Managed Solutions). When this situation arises the Council will give detailed consideration to the benefit of doing so and that the overriding need to ensure 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 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.

11 Decision making

Decisions on remuneration are made as follows:

- (a) Chief Executive Officer local pay level approved by Full Council;
- (b) Director 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 £100,000k or more require Full Council approval.

12 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 the attached link on the Council's website.

13 Considerations

Council is requested to provide a steer on the level of disclosure

For further information please contact:-

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