

# Exeter City Council

## Pay Policy Statement 2014/15

### 1 Purpose and scope of the Policy

- 1.1 Section 38 (1) of the Localism Act 2011 (Part 1, Chapter 8, Sections 38 to 43) requires English and Welsh local authorities to produce a statutory pay policy statement each financial year.
- 1.2 The Act requires that a relevant authority must approve, through Full Council, a pay policy statement for the following financial year and this must set out the authority's policies for the financial year relating to:
  - (a) the remuneration of its chief officers, (see Appendix 1)
  - (b) the remuneration of its lowest-paid employees (see Section 4 and Appendix 1), and
  - (c) the relationship between:
    - (i) the remuneration of its chief officers (Section 4 and Appendix 1), and
    - (ii) the remuneration of its employees who are not chief officers (see Section 4 and Appendix 1)
- 1.3 The statement must state:
  - (a) the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and (see Section 3)
  - (b) the authority's reasons for adopting that definition. (see Section 3)
- 1.4 The statement must include the authority's policies relating to:
  - (a) the elements of remuneration for each chief officer, (see Section 2 and 5 and Appendix 1)
  - (b) remuneration of chief officers on recruitment, (see Section 5 and Appendix 1)
  - (c) increases and additions to remuneration for each chief officer, (see Section 5)
  - (d) the use of performance-related pay for chief officers, (see Section 5)
  - (e) the use of bonuses for chief officers, (see Section 5)
  - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and (see Section 5)
  - (g) the remuneration of chief officers who return to local authority employment (See Section 5)

- (h) the publication of and access to information relating to remuneration of chief officers. (see Section 6)
- 1.5 This policy also takes into account “Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012” and the letter from the Secretary of State to leaders of local authorities and chairs of fire and rescue authorities of 20 February 2013 which advocate:
- (a) Publishing the ratio between the highest paid employee and the median average earnings across an organisation (Section 4, Appendix 1)
  - (b) Explaining the approach to the setting and publication of fees for chief officers in respect of local election duties (Section 5)
  - (c) Setting out the policy for the remuneration of chief officers who return to Local Authority employment where the chief officer was a previously employed chief officer who left with a severance payment and applies to come back as a chief officer under an employment contract or contract for services (Section 5)
  - (d) Setting out the policy in respect of the employment of individuals and Chief Officers in receipt of a Local Government Pension Scheme pension, including pension abatement arrangements (Section 5)
  - (e) Full Council having the opportunity to approve salary packages and the cost of severance packages of £100,000 or more (Section 5)
- 1.6 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 providing value for money to the residents of Exeter.
- 1.7 Exeter City Council already works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors and is open and transparent and complies with equal pay legislation.
- 1.8 This Statement complies with the requirements of the Localism Act 2011 and the statutory guidance issued by Communities and Local Government in ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act’ which was issued on 17 February 2012.

## **2 Definition of Chief Officers**

- 2.1 The posts which are defined as ‘Chief Officers’ for the purposes of this Statement are those scheduled in the Local Government and Housing Act 1989 under sections 4(1), 5(1), 2(6, 7 and 8) together with other members of the councils Strategic & Senior Management Teams. For Exeter City Council this term includes:

- Chief Executive and Growth Director (Head of Paid Service Section 4(1))
- Deputy Chief Executive (Non-Statutory Officer Section 2 (7a))
- Assistant Directors (Non-Statutory Officers Section 2 (7a)) – including the responsibilities of the Section 151 Officer (Statutory Officer Section 2 (6d))
- Corporate Managers (including the responsibilities of the Monitoring Officer (Section 5(1))

2.2 The post of Chief Executive & Growth Director is made on terms and conditions of employment agreed by the Joint National Council for Chief Executives and supplemented by local terms and conditions of employment agreed by Exeter City Council.

2.3 The posts of Deputy Chief Executive, Assistant Director and Corporate Manager are made on the terms and conditions of employment agreed by the Joint National Council for Chief Officers and supplemented by terms and conditions of employment agreed by Exeter City Council.

2.4 With the exception of the Chief Executive and Growth Director and Deputy Chief Executive all Chief Officer posts as defined in this Statement are subject to job evaluation using HAY. The remuneration of the Council's Chief Officers is set out in Appendix 1.

### **3 Definition & Remuneration of Lowest Paid**

3.1 All posts which are not designated as Chief Officers in accordance with this Statement, and with the exception of apprentice roles, are subject to job evaluation using the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

3.2 The Council has adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Living Wage as its minimum spinal column point, and the Living Wage of £7.65 / hour now equates to Grade 1 of the Council's pay scale.

3.3 The Council therefore defines its lowest paid employees as those on Grade 1 of the Council's pay scale. The Council has adopted this definition as it can be easily understood.

3.4 The Council has 14 grades (excluding Apprentice) on its existing pay scale for employees not designated as Chief Officer in this Statement. With the exception of Grade 1, each Grade provides for incremental progression of between 1 and 3 scale points subject to satisfactory service. Increments are applied on the 1 April each year (or on the 6 month anniversary of the employee's appointment if the appointment falls between October and March inclusive, with subsequent increments applying from 1 April each year) until the postholder reaches the maximum of the grade.

### **4 Relationship between Remuneration**

4.1 The Hutton Review of Fair Pay in the Public Sector outlined that the most appropriate metric for pay dispersion is the multiple of Chief Executive to

median earnings. Whilst not a requirement of this Statement, tracking this multiple as recommended in the Code of Recommended Practice for Local Authorities on Data Transparency will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce.

- 4.2 The Council also publishes as part of this Statement the relationship between its Chief Executive and lowest paid employee. Both of these pay multiples are set out in Appendix 1.
- 4.3 Through this policy the pay multiple of the Chief Executive and Growth Director 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 full time salary payable to the Chief Executive and Growth Director be greater than 10, this will be reported to full Council for consideration.

## **5 Chief Officer Remuneration**

- 5.1 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.'
- 5.2 Salaries for chief officers operate on the basis of fixed pay points and are therefore not subject to a salary scale providing for incremental progression. New appointments will be made to the appropriate pay point in force at the time of the appointment. These fixed pay points will 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 Exeter City Council to recruit and retain high quality chief officers in the context of national, regional and local labour markets.
- 5.3 In determining any future changes to the remuneration package for appointments to Chief Officer posts as defined in this Statement, the Leader of the Council will take independent pay advice. The Leader will then, in consultation with the Chief Executive and Growth Director, except in relation to the pay of the Chief Executive and Growth Director, make recommendations which will be subject to the approval of full Council.
- 5.4 The Leader of the Council, in consultation with the Chief Executive and Growth Director, except in relation to the remuneration package of the Chief Executive and Growth Director, may recommend to full Council changes to the remuneration package following an annual review. Any changes to the remuneration packages will be subject to full Council approval.
- 5.5 Salary increases for Chief Officers defined in this Statement in relation to cost of living will be made in line with increases agreed by the Joint National Council's for Chief Officers and Chief Executives as appropriate.

- 5.6 At present, there are no additional payments made to chief officers in relation to performance related pay or the use of bonuses.
- 5.7 Any termination payments to chief officers on ceasing office will comply with Exeter City Council's Organisational Change and Local Government Pension Scheme Employer Discretions Policies which are subject to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended and in force at the time. All such payments are equally applicable to all employees. The Employer Discretions Policy and severance payments (which include redundancy / efficiency compensation, pension strain and pay in lieu of notice) in excess of £100,000 are subject to approval at Full Council. No additional payments will be made to Chief Officers without express approval by Full Council.
- 5.8 A chief officer appointment (under an employment contract or contract for services) will not be offered to any former chief officer in receipt of a severance payment, except in circumstances where they left employment as a result of being made redundant from their previous Chief Officer role, without the approval of Full Council.
- 5.9 Exeter City Council will not enter into employment or service contracts with any persons in receipt of a local government pension within 12 months of the termination date of their previous employment without the approval of Full Council. Employees of the Council who are also in receipt of a local government pension may have their pension abated in accordance with legislation / policy as enacted / determined by the relevant pension administrator.
- 5.10 The Council's Policy on Market Supplements applies to all posts at the Council, including Chief Officers. Evidence based market supplements will be subject to periodic review to ensure they continue to be justifiable. No Chief Officer is currently in receipt of a Market Supplement.
- 5.11 Additional payments are made by Central Government to officers (including the Returning Officer) carrying out additional duties at Parliamentary, European and other national elections and referendums. These payments are set nationally and are not within the scope of this Statement. Payments to the Returning Officer and other officials for duties in relation to City Council elections are linked proportionately to these national rates.

## **6 Transparency & Publication of Data**

- 6.1 This Statement aims to ensure that the process for setting pay at a senior level is transparent fair and consistent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.
- 6.2 The Council will publish its Pay Policy Statement on the Exeter City Council website alongside information related to the Council's management structure. Further information relating to the remuneration of Chief Officers is published in the Council's annual Statement of Accounts.

## **7 Equality Impact Considerations**

7.1 The principles of equal pay are integral to this policy and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:

- Like work where the woman and the man are doing the same job
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
- Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

## **8 Related Policies/Strategies, Procedures and Legislation**

8.1 Exeter City Council pay and reward policies and procedures are operated within the framework of JNC and NJC terms as nationally negotiated and agreed and supplemented by local agreements. The Council applies the national framework for job evaluation and works within equality and equal pay legislation in order to apply all pay related issues in a fair, consistent and transparent way.

8.2 Key policies/procedures/strategies and legislation include:

- Exeter City Council Pay and Reward Policies, frameworks and local agreements
- Equal Pay Legislation
- Equality Act 2010
- Localism Act 2011
- Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012
- Local Government Act 1972
- Local Government & Housing Act 1989

**1. Levels and elements of remuneration for each chief officer role as at March 2014**

<b>Post title</b>	<b>Full time Remuneration</b>
Chief Executive and Growth Director	£110,000
Deputy Chief Executive	£88,000
Assistant Director x 7	£64,000
Corporate Manager x 4	£56,000

**2. The FT remuneration of the lowest paid employee**

<b>Post title</b>	<b>Full time Remuneration</b>
Solo Sweeper/MRF Operative	£14,759

**3. The multiplier of the remuneration of the chief officer based upon taxable earnings:**

<b>Post Title</b>	<b>Full time Remuneration</b>
Annual median pay of all employees	£19,570
Pay multiple of Chief Executive and Growth Director to median	5.62
Pay multiple of Chief Executive and Growth Director to lowest paid FT employee	7.45