



# Pay Policy Statement

**Date:** January 2019,

Approved by East Sussex County Council at its meeting on

## Document summary

Policy on the pay of Chief Officers, Deputy Chief Officers and Assistant Directors in relation to the rest of the local government workforce, excluding schools.

## Enquiries

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## Key points

- The annual pay policy statement will be approved by full Council each year and published on the Council's website by 31 March.
- Elected members will take decisions on matters concerning the pay of Chief Officers and Deputy Chief Officers through the Governance Committee including approval of any annual pay award. This Committee also approves any annual pay award offered to managerial staff employed on local pay and conditions.
- The Chief Officer salary bands are published on the County Council's website, along with the salary scales for all other staff groups.
- The County Council uses job evaluation to determine the grade of its posts and has adopted two schemes; the HAY scheme for managerial posts and the NJC (local government) Single Status scheme for staff below management level.

### 1. Background to the pay policy statement

- 1.1. The Localism Act 2011 requires local authorities to prepare a pay policy statement for each financial year. This statement has to be approved by the full County Council, annually.
- 1.2. The statement must set out the authority's policies for the financial year relating to the remuneration of its Chief Officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

### 2. Definitions

- 2.1. **Chief Officers:** Statutory and non-statutory Chief Officers of the County Council, all of whom report to the Chief Executive as the Head of the Authority's paid service. This definition is based on the interpretation provided in the Localism Act with reference to the Local Government and Housing Act 1989.
- 2.2. **Deputy Chief Officers:** All posts reporting directly to a Chief Officer, whether paid on Deputy Chief Officer pay bands or Assistant Directors paid on Local Managerial Grades. This definition is based on the interpretation provided in the Localism Act with reference to the Local Government and Housing Act 1989. The Localism Act specifies that the **Monitoring Officer** is also included.
- 2.3. **Lowest paid employees:** all staff paid on the lowest salary point of the local single status pay spine; currently (January 2019) £16,394 per annum for full time staff. All non-managerial employees are paid on a pay spine which commences at this level, hence the selection of this point as the lowest salary point.
- 2.4. The Localism Act defines **remuneration** as including; salary under a contract of employment or payments made under a contract for services, bonuses, charges, fees or allowances, any benefits in kind, any enhancement to pension entitlement and any amounts payable on the Chief Officer ceasing to hold office.
- 2.5. The publication of the '**pay multiple**' as a determinant of the relationship between the pay of the Chief Executive and that of the rest of the workforce was recommended by the Hutton report on Fair pay. This is a calculation in the form of a ratio between the median average earnings across the organisation and the highest paid employee. The pay multiple will be published on the County Council website and monitored annually.

### **3. Remuneration of Chief Officers**

- 3.1. The Chief Executive, Directors and Deputy Directors of the County Council are paid on local pay bands for Chief Officers and Deputy Chief Officers. These posts are evaluated using the Hay job evaluation scheme and are paid on the relevant band according to the size of their job as determined on the job evaluation scheme.
- 3.2. Assistant Directors are defined as 'Deputy Chief Officers' for the purposes of the Localism Act as they report directly to Chief Officers. These posts are also evaluated using the HAY job evaluation scheme and paid on the County Council's Local Managerial Grades (LMG). All the County Council's managers are paid on these scales and have a common scheme of terms and conditions of service.
- 3.3. The County Council's salary scales are published on the County Council website <http://www.eastsussex.gov.uk/jobs/workingateastsussexcountycouncil/salaries/default.htm>
- 3.4. In accordance with standard council policy, new employees are normally appointed to the minimum point of the pay scale unless there is a good reason for appointment at a higher point on the scale. This would be approved at a senior level and, in the case of Chief Officer appointments, by the Chief Executive in consultation with the Lead Member.
- 3.5. Incremental progression within a salary band would normally take place on 1 April each year until the maximum point of the scale is reached and is subject to the achievement of agreed operational targets. This is standard policy for all managers across the County Council.
- 3.6. Annual pay awards for Chief Officers and Deputy Chief Officers are subject to local pay determination by the Governance Committee. Annual pay awards for managers paid on Local Managerial Grades, including Assistant Directors, are negotiated with UNISON annually and approved by the Governance Committee. These pay awards are determined with reference to economic indicators including the rate of inflation (CPI), turnover rates, level of other public sector pay awards and market position. The local pay awards for these staff groups were 1% in 2016/17, 1% in 2017/18 and 2% in 2018/19. The pay award for 2019/20 will be determined by the Governance Committee at its meeting on 5 March 2019.

### **4. Remuneration of employees who are not Chief Officers**

- 4.1. The remuneration of employees below management level is subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services' commonly known as the 'Green Book'.
- 4.2. The 'Green Book' contains a national basic framework for conditions of service but also allows for local variation on certain specified conditions of service, including the pay structure. The County Council and the local trade unions have been working closely together over a number of years to implement these local variations via Local Collective Agreements. In broad terms, these have provided for a range of changes to terms and conditions of employment, including the following:
  - the adoption of the National Joint Council Job Evaluation Scheme for determining the grade of posts on the local single status pay spine;

- the implementation of local East Sussex Single Status pay scales containing 13 non-overlapping grades. A copy of the current set of pay scales is published on the County Council's website.
  - a harmonised arrangement of paying up to two additional increments for work undertaken at weekends within the normal working week.
- 4.3. The headline terms of the nationally negotiated pay awards have been applied to the local single status pay scales since their introduction in 2003. Consequently, in 2018/19 a tapering percentage was applied which provided for a 9.2% increase to be applied to the bottom of the local Single Status scales, reducing to 2% for spinal column points 14 and above. For 2019/20, the pay award also provides for a tapering percentage to be applied: 5.92% on the bottom spinal column point, reducing to 2% for spinal column points 18 and above. This also takes account of the National Living Wage in both years.
- 4.4. Staff, who are not Chief Officers, working in Education Advisory roles or as Educational Psychologists are paid according to the national salary framework for Soulbury staff with associated terms and conditions.

## **5. Other elements of remuneration**

- 5.1. The County Council does not operate a formal performance-related pay system and therefore there are no bonus payments, earn back systems or other regular payments paid to Chief Officers beyond the annual increments referred to in paragraph 3.5 above.
- 5.2. The County Council's honorarium scheme applies to all staff, including Chief Officers, and rewards the performance of additional duties and responsibilities over and above an employee's normal workload for a temporary period. It includes reward for an exceptional contribution to a project or piece of work and for high standards of personal achievement and quality of work. There are three levels of payment against specified criteria and a payment of 2.5%, 5.0% and 7.5% of salary may be awarded for the period during which the additional duties/responsibilities were undertaken. The decision to award an honorarium payment to a Chief Officer would be taken by the Chief Executive and in the case of the Chief Executive; the Leader of the Council.
- 5.3. The County Council does not award additional fees to Chief Officers for undertaking local election duties.
- 5.4. The County Council's special merit payment scheme, which allows a flat rate payment of up to £1000 in recognition of a particular "one-off" contribution or a substantially increased workload, applies to all staff, including Chief Officers. The decision to award a merit payment to a Chief Officer would be taken by the Chief Executive and in the case of the Chief Executive, the Leader of the Council.
- 5.5. Out of pocket expenses incurred during the course of employment will be met by the County Council provided that the expenses are directly related to employment and are approved as reasonable. This is in line with standard County Council policy.
- 5.6. The standard County Council mileage payments are also paid to Chief Officers for mileage travelled on Council business. These are 45p per mile for contracted car users, 25p per mile for optional car users, 20p for travel in connection with training and 12p per mile for leased car users.

- 5.7. The County Council operates a car leasing scheme which is open to all employees but only attracts an employer contribution for staff who are expected to travel at least 4000 business miles per annum and leased car users are then reimbursed the 'fuel' element of their business travel. The employer contribution is £1600 per annum and the higher contribution for travel in excess of 7500 miles per annum is £2675.
- 5.8. The County Council has a market supplements policy that provides for an additional payment to aid the recruitment and retention of staff that work in areas where there is evidence of a skills shortage. These are rarely applied and have to be approved by the Chief Executive and relevant Chief Officer.
- 5.9. The County Council operates a pay protection policy which allows for the current pay rate of an employee to be protected if they are redeployed into a lower graded role or have a reduction of hours as a result of a restructure. Pay protection is for up to 10% of the current salary for a period of 1 year.

## **6. Relationship between the remuneration of Chief Officers and that of the wider workforce**

- 6.1. Apart from the differences in pay scales as described in paragraph 3 above, there are minimal differences in entitlement to remuneration between Chief Officers, Deputy Chief Officers and the rest of the workforce as the County Council is working towards harmonisation of terms and conditions of service between staff groups. The main differences between the remuneration of employees below managerial level and the local managerial grades are:
  - i) Managers employed on local terms and conditions are not entitled to payment of any additional allowances beyond the basic rate of pay whereas employees below management level are able to claim for regular working outside standard working hours, for example, overtime or weekend working increments.
  - ii) Managers employed on local terms and conditions have their annual pay award approved locally by the Governance Committee, as described in paragraph 3.6, whereas employees below management level usually receive an award in line with the national pay award.
- 6.2. The 'pay multiple' will be calculated each year and will be published on the County Council's website with other pay information suggested in the code of recommended practice on data transparency. Historical information will be retained in order to monitor the pay multiple over time.

## **7. Tax Avoidance**

- 7.1. The Council is committed to tackling all forms of tax avoidance and therefore encourages the direct employment of staff and pays them via the payroll system. In a few circumstances where it is more appropriate to engage people on a self-employed basis, the Council offers a contract for services and follows guidelines to ensure that the correct employment status is identified. When a need arises for an 'interim' appointment, recruitment is normally secured using the Council's agency contract arrangement.

## **8. Appointment or Re-engagement of Chief Officers**

- 8.1. Posts with proposed salary packages greater than £100,000 will be approved by the Governance Committee prior to appointment, provided the salary package being considered is in line with existing pay scales that also apply to other Chief Officers and Deputy Chief Officers undertaking similar duties and responsibilities. Chief Officers and Deputy Chief Officers will be appointed on one of the established grade bands appropriate to the post. Any proposed exceptions to this would require the approval of the full County Council.
- 8.2. The policy for appointing or re-engaging any member of staff who has previously been made redundant by this authority, should be on the following basis:
- the re-engagement should be for a fixed term, not exceeding one year (in exceptional circumstances this may be extended);
  - the rate of pay applied to the work undertaken by the re-engaged employee should be that appropriate to the work to be done and not the grade which applied to the employee in the employment that they were made redundant from;
  - the arrangement must provide financial/operational advantage to the County Council and must be approved by the appropriate Chief Officer
- 8.3. If an officer in receipt of a local government pension is employed or re-employed it is our policy to apply the Local Government Pension Scheme rules on abatement for any benefits accrued in the Local Government Pension Scheme before 1<sup>st</sup> April 2014. This ensures that the pension is abated if the combined income exceeds that of the former employment. There are currently some exceptions to this where flexible retirement has been approved in accordance with Local Government Pension Scheme provisions and a business case having been approved at Chief Officer level. Following a review of this policy the County Council has ceased to have a Flexible Retirement Policy and no new applications are accepted.

## **9. Termination of Employment of Chief Officers**

- 9.1. Any compensation payments made to Chief Officers and Deputy Chief Officers on ceasing to hold office or to be employed by the authority will be made on the same basis as any other employee in line with the County Council's 'managing change' policies.
- 9.2. The Local Government Early Termination of Employment (Discretionary Compensation) England and Wales Regulations 2006 require local authorities to formulate and publish their policy on making discretionary payments on early termination of employment within the parameter of up to 104 weeks' pay. In the event of an employee being made redundant or applying for voluntary severance, the County Council's managing change policy contains details of the circumstances in which a redundancy payment is payable. The payment is calculated on the basis of the statutory redundancy payment multiplied by 1.75. This equates to a maximum of 52.5 weeks' pay. For the purposes of calculating the enhanced (non statutory) proportion of this payment, the employee's gross weekly salary will not be considered to include pension contributions made by the employer, or any other payments that are not normally made direct to the employee.

- 9.3. The Local Government Pension Scheme regulations provide for access to pension benefits without reduction from the age of 55 in the event of an employee being made redundant. The managing change policy stipulates that where a proposal is in place for a Chief Officer, Deputy or Assistant Director to be made redundant, this must be approved by the Chief Executive
- 9.4. Where a severance package for an individual employee exceeds £30,000 it must be approved by the Chief Executive. A severance package that exceeds £100,000 must be approved by the Governance Committee with the components of the package listed separately.