

## Pay Policy Statement 2020-21

An annual pay policy statement is required to be produced under section 38 of the Localism Act. Regard is to be had to any guidance from the Secretary of State in producing this statement.

The statement must set out the authority's policies for the financial year relating to:

- the remuneration of chief officers
- the remuneration of the lowest paid employees
- the relationship between chief officers remuneration and that of other officers

The statement must include the authority's policies relating to:

- a. the level and elements of remuneration for each chief officer
- b. remuneration of chief officers on recruitment
- c. increases and additions to remuneration for each chief officer
- d. the use of performance related pay for chief officers, if applicable
- e. the use of bonuses for chief officers, if applicable
- f. the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- g. the publication of and access to information relating to remuneration of chief officers.

The term 'remuneration' covers:

- a. the chief officers salary or, in the case of chief officers engaged by the authority under a contract for services or interim contract
- b. payments made by the authority to the chief officers for those services
- c. any bonuses payable by the authority to the chief officers
- d. any charges, fees or allowances payable by the authority to the chief officers
- e. any benefits in kind to which the chief officers are entitled as a result of the chief officer's office or employment
- f. any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority, and
- g. any amounts payable by the authority to the chief officers on the chief officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

A pay policy statement for a financial year may also set the Authority's policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

The Secretary of State published 'The Code of Recommended Practice for Local Authorities on Data Transparency' ('the Code') on 29 September 2011. The Code enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold; responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of their workforce. The pay policy statement has been written using these principles.

The duties of the Council to publish an annual pay policy statement in accordance with the Localism Act 2011 are set out fully in paragraph four of the report. The provisions came into force on 15 March 2012. Before it takes effect, the pay policy statement has to be approved by a resolution of the Council.

Council are therefore asked to approve the Council's Pay Policy Statement for 2020-21.

Following approval, the statement must be published as soon as possible on the Council's website. The Council may amend its pay policy statement, but this also requires a resolution of the Council.

Failure to approve or publish a pay policy statement would mean that the Council would be in breach of its obligations under Section 38 of the Localism Act

Having a pay policy statement in place assists in the assessment of the impact of pay on equality issues and provides transparency in pay and remuneration.

## **Pay Policy Statement**

### **Cheshire West & Chester Council – April 2020**

#### **Introduction and Purpose**

1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.
2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying;
  - the methods by which salaries of all employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
  - the approval processes for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
3. Once approved by full Council, this policy statement will come into effect from 1 April 2020 and will be subject to review on a minimum of an annual basis, the policy for the next year being approved by 31<sup>st</sup> March each year.

#### **Other Legislation Relevant to Pay and Remuneration**

4. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council strives to ensure that there is no pay discrimination within its pay structures and that any pay differentials can be objectively justified.

#### **Pay Structure**

5. For all staff excluding chief officers, the Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its (non-teaching) workforce together with the use of locally determined rates where these do not apply.
6. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for

example through any agreed annual pay increases negotiated with national trade unions.

7. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
8. In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of the nationally negotiated pay spine, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the Authority and to the community.
9. New appointments will normally be made at the minimum of the relevant pay scale for the grade. This can be varied where necessary to secure the best candidate. Where the appointment salary for new appointments is above the minimum point of the pay scale this is approved in accordance with the Council's Scheme of Delegations.
10. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capability. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate and is approved in line with the Council's Scheme of Delegations.
11. Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Acting Up Policy and market supplement process.

### **Senior Management Remuneration**

12. For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1 April 2019 (the pay award has not yet been agreed for 2020-21, so these figures reflect 2019-20):

Chief Executive – Tier 1

- i. The current salary package of the post is £158,100.

Deputy Chief Executives/Chief Operating Officer /Tier 2

- ii. The salary package of posts designated as Deputy Chief Executives or Director (DIR 2) fall within a range of

eleven incremental points between £112,552 rising to a maximum of £133,991.

- iii. The salary package of posts designated as Director (DIR 1) fall within a range of thirteen incremental points between £66,695 rising to a maximum of £98,403.

- 13. In determining the grade for a new post, factors such as responsibility, accountability, budget, numbers of staff, etc. are included in a job evaluation process.
- 14. The arrangements and factors considered in determining an individual's progression through the relevant grade pay scale are determined by performance using the Council's performance management framework.
- 15. Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will, where necessary, consider engaging individuals under a contract for service or an interim contract. These will be sourced through a relevant procurement process or agency contract ensuring the Council is able to demonstrate the maximum value for money.

#### **Recruitment of Chief Officers**

- 16. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Constitution of the Council section 14.
- 17. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Redeployment Policies.
- 18. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and approved in line with the Council's Scheme of Delegations. In summary Director appointments are approved by Chief Executive or Deputy Chief Executives. Chief Executive and Deputy Chief Executives appointments are approved by elected Members. In addition full Council will approve all new posts with salaries above £100,000 at the point of recruitment.

#### **Additions to Salary of Chief Officers**

- 19. The level of remuneration for the Chief Executive is not variable (with the exception of \*returning officer fees) or dependent upon the achievement of defined targets.

- 20.** \*Returning Officers fees are as prescribed by Central Government for Parliamentary, Referenda, European and Police Crime Commissioner Elections, fees for local elections are in accordance with a scale of fees applied across the Cheshire Councils that are in line with those fees set by Central Government.
- 21.** To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. honoraria, 'acting up', market supplements, etc.) relating to temporary additional duties are set out in the Councils policies in line with the approval process as set out in the Scheme of Delegations.
- 22.** In addition to basic salary, Tier 1-3 posts may receive additional payments which are chargeable to UK Income Tax. Additional contractual payments may include returning officer fees, car user allowance, market supplements and untaken annual leave falling outside the requirements of relevant legislation, if applicable. These payments do not include reimbursement of expenses incurred in the fulfillment of a chief officer's duties.

### **Pension Contributions**

- 23.** Where employees have exercised their right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund in order to ensure the scheme is appropriately funded. The current employer rate, set for the financial year starting 1 April 2020 is 24.3 per cent. The employee's contribution rates are set in bands and are defined by statute. Confirmation is still awaited on the banding for 2020-21. The table below details the bandings for 2019-20:-

Up to £14,400	5.5 per cent
£14,401 to £22,500	5.8 per cent
£22,501 to £36,500	6.5 per cent
£36,501 to £46,200	6.8 per cent
£46,201 to £64,600	8.5 per cent
£64,601 to £91,500	9.9 per cent
£91,501 to £107,700	10.5 per cent
£107,701 to £161,500	11.4 per cent
£161,501 or more	12.5 per cent

### **Payments on Termination**

- 24.** The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal

retirement age, is set out within its policies, the Scheme of Delegations and specifically for chief officers within the Constitution of the Council and in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

- 25.** Any payments falling outside these provisions or the relevant periods of notice within the contract of employment shall be subject to a formal decision made in accordance with the Council's Constitution and Scheme of Delegations.

### **Lowest Paid Employees**

- 26.** The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure.

- 27.** As from 1 April 2016, the Council implemented a Local Living Wage which as at 1 April 2020 is £9.30 per hour. This will be paid to all staff that fall below this hourly rate, as a non-consolidated lump sum. This will mean the lowest paid staff are paid £17,942. Staffing Committee review the Local Living Wage annually.

- 28.** The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement, (sections 5 and 12 above).

- 29.** The current pay levels within the Council define the multiple between the median (average) full time equivalent earnings and the Chief Executive as 5.86 for 2019-20. As the pay award for 2020-21 is still to be agreed the pay ratio for 2020-21 cannot yet be confirmed.

### **Accountability and Decision Making**

- 30.** In accordance with the Constitution of the Council, Staffing Committee are responsible for decision making in relation to the policies for recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **Re-employment / Re-engagement of former Chief Officers**

- 31.** It is the Council's policy not to re-employ any chief officer who was previously made redundant from the authority, or later engage them under a contract for service or interim contract except under exceptional circumstances.

### **Publication**

**32.** Upon approval by the full Council, this statement will be published on the Council's Website.

For posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any other remuneration and benefits received that do not fall within the above

In addition the Council will make the following information available on its website from 1 April 2020, as recommended in paragraph 12 of the data transparency;

- Senior employee salaries (defined as above £50,000), job descriptions, responsibilities, budgets (including salary costs) and numbers of staff.
- Senior employee salaries, over £150,000, names (consent will be required for publication), job descriptions, responsibilities, budgets (including salary costs) and numbers of staff.
- An organisational chart of the staff structure of the local authority (covering the top three management tiers) including salary bands.
- The 'pay multiple' – ratio between highest paid salary and the median average salary of the whole of the authorities workforce.