

## **APPENDIX ONE**

### **NORTH EAST DERBYSHIRE DISTRICT COUNCIL Pay Policy Statement 2017/18**

#### **1. Introduction**

This Council is committed to the principle of equal pay. It recognises that women and men in the workforce should receive equal pay for work of equal value and that this principle is enshrined in both UK and European law. In this connection, the Council aims to ensure that its pay system is free of bias. Fairness and equality across gender, age, race, disability, religion and sexuality are part of the values of this organisation.

The Council believes that its values send a positive message on diversity and equality to managers, employees, potential employees, partners and customers and enhances productivity, efficiency and morale.

The overall pay policy of the Council is driven by organisational consistency, equity and transparency rather than external market forces. The Council believes in paying a fair rate of pay to its employees, and in meeting its strategic objectives (transform our organisation) it endeavours to create a working environment that will attract high calibre job applicants and encourage the retention of existing employees.

The local government environment is in an ongoing state of change and to this end North East Derbyshire District Council undergoes regular reviews of services to ensure that high levels of service delivery can be maintained without unnecessary cost to the taxpayer.

The implementation of policies on employee development and performance review, as well as dealing with capability where performance falls short of the desired standard, ensure that the workforce remains well trained and well motivated without the need to apply any form of performance related pay. Mechanisms such as internal celebration and recognition of achievement are used to acknowledge particular contributions to the successful running of the organisation. Acknowledgement comes in a variety of forms, from articles in the staff magazine, to the award of certificates and plaques at an annual celebration event.

#### **Overview – whole workforce**

In order to secure equal pay within the organisation, the following action has been taken to date:

- 1 In 1997 the National Joint Council (NJC) introduced a new National Agreement for Local Government Services (The Green Book). This agreement replaced the terms and conditions of service in the old

Purple Book (former officers) and White Book (former manual workers). The new agreement was generally called The Single Status Agreement since its intention was to introduce equal pay and eliminate the old blue/white collar divides.

- 2 As part of this process an Equal Pay Audit was carried out to ensure that any areas of inequality could be identified and resolved.
- 3 At the heart of the National Agreement is the principle of fairness and equality for all employees - equalising pay differences across the local government sector that have existed for decades. The Agreement recommended the use of a job evaluation scheme and it was jointly agreed locally to use the computerised version of the NJC Job Evaluation Scheme. This was applied to all jobs covered by the NJC Agreement for Local Government Services ('Green Book') at 1<sup>st</sup> April 2007.
- 4 The following are the factors included in the Job Evaluation process:
  - Knowledge
  - Mental Skills
  - Interpersonal Skills
  - Physical Skills
  - Initiative and Independence
  - Physical Demands
  - Mental Demands
  - Emotional Demands
  - Responsibility for People
  - Responsibility for Supervision
  - Responsibility for Financial Resources
  - Responsibility for Physical Resources
  - Working Conditions
- 5 The factors listed above are intended to allow application of the scheme across the whole range of posts within Local Government, with recognition given not only to mental effort required to carry out a job but also to physical skills and demands for more manual posts and emotional demands and responsibility for people in respect of jobs with caring as a focus.
- 6 The full Single Status package was submitted to Council for approval and adoption. This included both the Job Evaluation Scheme and a range of former national terms and conditions of service which were simplified and rationalised to reflect the current economic situation.
- 7 Decisions about smaller-scale changes to terms and conditions of service for employees of the Council are considered by Cabinet.

- 8 The implementation of the NJC Scheme is closely monitored to ensure that it is applied fairly and consistently across the Council and to minimise the possibility of an Equal Pay challenge.
9. Gender Pay Gap Reporting becomes a requirement in 2017/18 and details will need to be reported and published by 30 March 2018 and annually thereafter.

### **Lowest Paid Employees**

Following the implementation of Single Status and the JNC Job Evaluation Scheme, local grades were applied to the national spinal column points. Each grade comprises four points, and the top point of each grade is also the bottom point of the next grade.

Grades 1 and 2 were payable to those employees who scored lowest under the thirteen factors used under the JE Scheme. However, from 1 October 2013 this Council has adopted the Living Wage for the small number of employees paid on these grades. The Living Wage, which is updated on 1 November annually and is currently set nationally at £8.45 per hour (equivalent to a full-time equivalent salary of £16,302.45), is considered to be the pay needed to provide an adequate standard of living. To avoid compromising the integrity of the Job Evaluation process, all salary points below the living wage rate were deleted and replaced by a new single salary point at the appropriate level.

### **Background – Chief Officers' Salaries**

In 2008 an independent review was carried out of salaries payable to senior managers, in an acknowledgement that the JNC Scheme was not an appropriate way of determining salaries for Directors

There are many factors which affect the market for senior staff, including the following:

- A tightening pool of suitably qualified and experienced staff;
- An increasing reluctance to relocate over large distances;
- The trend towards slimmer senior management structures comprising posts with more generic responsibilities
- The salary premium being offered by failing Councils to attract suitable candidates.

In view of the above, and further to national advice, the following factors were taken into account in establishing the local salary structure:

- Any special market conditions;
- Any substantial local factors not common to authorities of similar type and size;
- Comparable information on salaries in other similar authorities;
- Top management structures and the size of the senior management team compared to other authorities of similar type and size.

In addition it should be noted that there has been found to be a correlation between population and salary levels, with a distinct salary bias towards districts with urban characteristics as opposed to rural characteristics, as well as a marked salary premium for Councils in the South of the country.

Bearing in mind all of the above points, and in consideration of the significant improvements that have been achieved at North East Derbyshire Council over recent years, salary levels for the Directors were set at a level which reflected the extremely marketable experience built up by the senior managers who had been part of that successful regime. This was to avoid the very real danger that key senior staff would be lost and it might not be possible to attract replacement candidates of the highest calibre necessary to maintain and accelerate the recent and ongoing momentum for service and organisational improvements.

Chief Officers have significant responsibility for corporate management and operational issues, and detailed information about decision making delegated to senior managers can be found in the Constitution on the Council's website.

The decisions in respect of the review of salaries following the independent review were taken by Council, although smaller scale decisions about terms and conditions of service for the Chief Executive and Chief Officers are taken by the Appointments Committee.

## **Grading Structure – Joint Chief Executive and Joint Directors**

Taking all of the data into account, a recommendation was made that the salary for the Chief Executive of the Council should be awarded on a scale ranging from £108,131 to £117,312, with annual incremental progression of £3,000.

The salaries indicated for Joint Chief Executive and Directors include nationally negotiated pay awards since April 2009 and includes the 2017 pay award which has already been agreed.

<b>Incremental points</b>	<b>Joint Chief Executive</b>	<b>Joint Directors</b>
1	£108,131	£71,422
2	£111,100	£73,554
3	£114,251	£75,685
4	£117,312	£77,817
5	N/A	£79,950

No additional payments are made e.g. bonuses, allowances (other than those mentioned below) performance related pay or other benefits in kind.

## **Assistant Directors**

At the time of the SOLACE review, it was recommended that a new level of posts at 'Assistant Director' level should be introduced to address the fairly wide disparity in the levels of responsibility between the Directors and the Service Managers. The intention was that these posts would be characterised by their relatively high level of responsibilities, and would deputise, as appropriate, in the absence of the Director. This is an important element in the Council's succession planning and leadership development processes, as well as providing valuable strategic input. An appropriate salary scale with annual increments was agreed, which equated to approximately 70% of the Chief Officers' salary. The figures are shown below:

<b>Incremental Points</b>	<b>Assistant Director</b>
1	£ 49,995
2	£ 51,487
3	£ 52,980
4	£54,472
5	£ 55,965

## **Relationship between salaries**

There is a pay differential of £23,985 between the highest paid Joint Assistant Director and the lowest paid Joint Director, and a differential of £34,301 between the highest paid Joint Director and the Joint Chief Executive. The median salary of the whole workforce is £21,057 and the ratio of the Council's top earner to that of its median earner is 5:1.1

The mean salary is £23,499 per annum, and the ratio of the Council's top earner to the mean salary is 4.9:1

The Council does not anticipate these changing during the course of the financial year.

### **Terms and Conditions of Service**

The Joint Chief Executive is employed under the terms and conditions of service of the Joint Negotiating Committee for Chief Executives of Local Authorities, and Joint Directors under the terms and conditions of service of the Joint Negotiating Committee for Chief Officers of Local Authorities. There are currently no additional local agreements relating to the employment of chief officers that represent a charge on the public purse, with the exception of election duties (see following paragraph).

### **Election Duties**

The fee for Returning Officer duties is dependent upon the type of election, and is prescribed by Central Government by means of a Fees and Charges Order.

### **Shared Management**

With a view to reducing expenditure and increasing efficiency, this Council formed a Strategic Alliance with Bolsover District Council and the process of appointing a Joint Senior Management Team was completed during April 2012.

Significant savings are being made by rolling out the joint senior management positions and the Alliance is committed to finding new ways of improving the efficiency of the Council.

Additional savings have now been made by further reducing the number of Directors from 4 to 2 with effect from November 2013. The number of Joint Assistant Directors went down from 9 to 8. Following, a further review there are now 10 Joint Assistant Directors across the Strategic Alliance.

In respect of salaries payable for senior managers appointed to joint posts, Council made the decision that payment would be based on North East Derbyshire District Council pay scales. There has been no change to pay and grading arrangements to reflect the shared responsibility.

### **Honoraria and ex gratia payments**

The Council does not make ex gratia payments.

An honorarium is payable in circumstances where an employee temporarily takes on duties and responsibilities which are at a higher level than those carried out within their substantive post. The amount of the honorarium is calculated by carrying out an evaluation, under the JNC Job Evaluation Scheme, which takes account of the additional duties. Where an employee carries out the full duties and responsibilities of a higher graded post for a temporary period, then they are paid the appropriate rate for the higher graded post, as identified under the Job Evaluation Scheme.

The same principles apply to all employees, including those on Chief Officer rates of pay.

### **Other financial benefits**

The Joint Chief Executive and the Council's Joint Directors and Joint Assistant Directors are not in receipt of any financial benefits that are not also available to other employees. For example, subsistence allowances are payable to all employees who are away from their base for lengthy periods as follows:

Employees can claim for actual expenditure, supported by receipts, up to a maximum of the following amounts:

Breakfast: £5.61 (payable if employee left home on official business before 7.00am)

Lunch: £7.73 (payable if employee is away from the office between 11.30am and 2.30pm)

Tea: £3.04 (payable if the employee is absent from home and office after 6.30pm on official business)

Evening meal: £9.37 (payable if the employee is absent from home and office after 8.30pm)

Overnight: £3.63 per night (payable if away from home on business overnight)

Weekly: £14.55 (payable if away on business for a week or more)

Other expenses such as taxi, bus or train fares, parking fees etc can be reimbursed provided they are approved and valid receipts are attached to the expenses claim form.

**Essential User Allowance** is payable to employees who meet specified criteria. Although nationally there are three levels of payment which are linked to the size of the vehicle's engine, this Council pays at the lowest rate only as follows:

#### **Essential Users**

Lump sum per annum	£846
per mile first 8,500	36.9p
per mile after 8,500	13.7p

Whilst senior management do not always meet the minimum 1500 miles, they currently receive this Allowance because of the requirement to have a vehicle available at all times to allow them to respond to urgent incidents.

**Professional fees** are paid for any employee for whom it is an essential requirement that they hold a professional qualification and are members of a professional body.

The Council has a policy of not allowing employees to accept gifts or other inducements, and if such gestures are made then the gift is recorded and donated to the Chair's current charity.

**A mobile telephone** is provided to employees who are frequently away from their office, or not office-based and all senior managers are included. In addition to providing the mobile phone, the cost of the monthly rental is paid as well as business related calls.

### **Incremental Progression**

The policy of the Council in respect of incremental progression is the same whatever the level of the post. Appointment is generally to the lowest point on the scale, unless the individual already works in local government and is currently paid at a higher point, in which case they will be appointed to the incremental point above that which is closest to the employee's existing salary (up to a maximum at the top of the grade). Where relevant, incremental increases take place on 1 April each year, except when a new appointment is made between 1 October and 30 March, in which case the first increment is payable six months after appointment.

### **Pensions**

Employees of the Council pay a contribution to the Pension Scheme relative to their annual full-time equivalent pensionable pay (including pensionable allowances). The contribution rate for 2017/18 has increased to 13.7% from 11.7%

<b>Band</b>	<b>Whole-time Pay Range (17/18)</b>	<b>Contribution rate</b>
1	Up to and including £13,600	5.5%
2	Above £13,601 and up to £21,200	5.8%
3	Above £21,200 and up to £34,400	6.5%
4	Above £34,400 up to £43,500	6.8%
5	Above £43,500 up to £60,700	8.5%
6	Above £60,700 up to £86,000	9.9%
7	Above £86,000 up to £101,200	10.5%
8	Above £101,200 up to £151,800	11.4%



9	Above £151,800	12.5%
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The Employer's contribution at NEDDC is currently 13.7% of pensionable pay.

There are a number of discretions available under the Local Government Pension Scheme, and as a matter of policy, NEDDC does not exercise any discretion that would represent a cost to the Council.

### **Flexible Retirement**

Under the terms of the Local Government Pension scheme, an employee aged 55 or over can elect to reduce their hours or their grade and request early release of pension benefits. This is a provision available to all employees, but to date this has not been taken up by any senior managers.

The Council has a degree of discretion, as the needs of the service take precedence at all times over the scheme, and the Council's Policy on Flexible Retirement makes clear that it will only agree to such requests where there is no cost to the Council in doing so, ie either the employee has already passed their earliest retirement date or where the cost of early release is met by the employee via a reduced pension.

### **Re-employment of employees in receipt of a pension**

Under the terms of the Local Government Pension scheme, an employee who has retired from local government service and is in receipt of a pension may reapply for local government employment. However where this happens the pension is subject to abatement, i.e. if the pension added to the new salary is higher than the original salary then the amount of pension will be reduced accordingly. There are currently no re-employed pensioners in senior management positions.

### **Payment on termination of employment**

Where a post is deleted following a review of service (redundancy), or where an employee is retired 'in the interests of the efficient exercise of the Authority's functions', a compensatory payment is made.

In the case of redundancy, a sum is payable based on the national redundancy table with a multiplier of 1.5. The Council exercises its discretion in these cases to base the payment on actual weeks pay, and the maximum payable in these circumstances is 45 weeks' pay for service of 20 years or over.

In the case of efficient exercise, there is no specific guidance except that, as in the case of redundancy, the Council would have discretion to pay up to 104 weeks' pay. Retirement on such grounds is rare, and any lump sum payment is considered on a case-by-case basis dependent upon the circumstances. However the practice of the Council is never to pay more than the employee would have received had they been made redundant. As a general rule, the

Council will only consider awarding benefits under this type of termination where the early retirement was the result of a management initiative or was of direct benefit to the Council. Cases of termination on grounds of efficient exercise are considered by the relevant Service Manager in consultation with the Joint Assistant Director (Human Resources & Payroll) and the appropriate Joint Director or the Joint Chief Executive. Following detailed consideration on issues such as the cost of retraining and the cost of covering the post during the training period, against the cost of the termination, a request may then be submitted to Cabinet.

Under the Local Government Pension Scheme, pension benefits are payable with immediate effect to any employee whose employment is terminated on grounds of redundancy or efficient exercise and who is aged 55 or over.

In the case of the shared senior management posts, these employees are contracted by one 'paymaster' Council to work for both Bolsover District Council and North East Derbyshire District Council under the terms of a Strategic Alliance. Where the policies of the partner Councils differ, a judgement is made on a fair and equitable way forward. In the case of redundancy, the policy of Bolsover District Council is to use actual weeks pay and use the multiplier on the national redundancy table. Therefore if a redundancy situation arises at shared senior management level, compensation is calculated on the basis of a combination of both schemes as follows:

Service up to date of joint appointment: based on original Council's scheme

Service after date of joint appointment: based on 50% per each Council's scheme'