



Pay Policy Statement 2019/20

1. Introduction

The following Pay Policy Statement has been prepared in accordance with Section 38 to 43 of the Localism Act 2011. This Pay Policy Statement details Erewash Borough Council's policies towards a range of issues relating to the pay of its workforce, including the pay of senior officers. The Pay Policy Statement may be amended by resolution, including after the beginning of the financial year to which it relates.

2. Purpose

The purpose of this Pay Policy Statement is to comply with the requirement under the Localism Act 2011 for all relevant authorities to prepare an annual Pay Policy Statement for each financial year.

3. Senior Pay

3.1 Senior officers

In this policy the senior pay group within Erewash Borough Council are as follows:

Chief Executive
Director of Resources and Deputy Chief Executive
Director of Operational Services
Director of Community Services
Head of Environment and Housing
Head of Finance and Deputy S151 Officer
Head of Green Space and Street Scene
Head of Law and Corporate Governance
Head of Personnel and ICT
Head of Planning and Regeneration

3.2 The Head of Sport and Leisure Services role was transferred under the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE) arrangements as part of the outsourcing of Leisure Services on 1 February 2019.

3.3 Under the relevant provisions of the Localism Act, the Pay Policy Statement must include the remuneration of the council's three statutory officers namely the Head of Paid Service (Chief Executive) Section 151 Officer (Director of Resources and Deputy Chief Executive) and the Monitoring Officer (Head of Law and Corporate Governance).

- 3.4 The remuneration of the Chief Executive is determined currently using a locally agreed salary structure. The remuneration for the Directors was determined following a job evaluation exercise as prescribed by the Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities.
- 3.5 Salary details are published on the council's website and senior officers' remuneration is disclosed in the council's annual Statement of Accounts. The salary scales for the senior pay group of the council as at 1 April 2018 are as follows;

Chief Executive

Spinal point 315 to 317 £109,238.00 to £114,698.00

Director of Resources and Deputy Chief Executive

Spinal point 90 to 92 £90,212.00 to £94,457.00

Director of Operational Services

Spinal point 80 to 82 £81,720.00 to £85,966.00

Director of Community Services

Spinal point 70 to 72 £68,985.00 to £73,231.00

Head of Law and Corporate Governance (Monitoring Officer)

Spinal point 59 to 64 £55,607.00 to £62,421.00

Heads of Service

Spinal point 59 to 64 £55,607.00 to £62,421.00

- 3.6 There are no other additional elements of remuneration in respect of overtime, flexi time, bank holiday working, stand by payments etc. paid to the above senior officers, as they are expected to undertake duties outside their contractual hours and working patterns without additional payment. All of the senior officers listed receive an annual essential car user allowance of £1,239.00 per annum (2018/19 £1,239.00 per annum).
- 3.7 Senior officers do not receive performance related pay or bonuses.

4. Pay Structure

- 4.1 The remuneration for employees (except Chief Officers) within Erewash Borough Council is currently determined using the salaries and pay scales established by the National Joint Council (NJC) for Local Government Services Salary Award Scheme.
- 4.2 The council has adopted the NJC pay scale for all employees other than the Chief Executive and Chief Officers and therefore, the lowest paid employees can be defined as those staff on

the first spinal column point of the pay grades for the NJC for Local Government Services staff.

- 4.3 The lowest graded established post within Erewash Borough Council is graded at Grade A, which at the time of writing this pay policy includes Spinal Column Points 6 to 8 and attracts a basic annual salary as at 1 April 2018 of £16,394.00 to £16,626.00 per annum*.

**Previously £15,014.00 to £15,246.00 per annum from 1 April 2017 to 31 March 2018.*

- 4.4 The NJC Pay agreement for 2018 to 2020 included both a pay award and the introduction of a new pay spine with effect from 1 April 2019. The council will therefore implement the new pay spines and pay award with effect from 1 April 2019. This will result in the lowest graded established post on Grade A consisting of the new Spinal Column Points 1 to 2 and will attract a basic annual salary, as at 1 April 2019 of £17,364.00 to £17,711.00 per annum.
- 4.5 The government introduced the National Living Wage for workers aged over 25 on 1 April 2016; however, the council does not currently differentiate pay on the grounds of age. The NJC for Local Government Services pay award for the two years 1 April 2018 – 31 March 2020 will therefore be applied to all relevant employees regardless of age.
- 4.6 In accordance with best practice, equality legislation and the National Single Status Agreement, Erewash Borough Council reviewed its pay, grading and terms and conditions of employment and implemented a Single Status pay and grading scheme and terms and conditions on 1 April 2013.
- 4.7 The JNC for Chief Executives of Local Authorities agreed a pay award for Chief Executives applicable from 1 April 2018 and 1 April 2019. The pay agreement covers the period 1 April 2018 to 31 March 2020. In accordance with the pay agreement the basic salary for the Chief Executive of the council should be increased by 2.0% with effect from 1 April 2018 and 2.0% with effect from 1 April 2019. The council implemented this pay agreement with effect from 1 April 2018 and will implement the 2.0% pay award due on 1 April 2019.
- 4.8 The JNC for Chief Officers of Local Authorities agreed a pay award for Chief Officers applicable from 1 April 2018 and 1 April 2019. The pay agreement covers the period 1 April 2018 to 31 March 2020. In accordance with the pay agreement the basic salary for all Chief Officers of the council should be increased by 2.0% with effect from 1 April 2018 and 2.0% with effect from 1 April 2019. The council implemented this pay agreement with effect from 1 April 2018 and will implement the 2.0% pay award due on 1 April 2019.

5. Multipliers

5.1 In preparing the Pay Policy Statement, the following recommendation for calculating the pay multiple, as required by the 'Hutton Review of Fair Pay' 2011, has been followed;

'the pay multiple should be calculated on the basis of all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind'

5.2 The earnings of the Chief Executive in 2018/19 were £114,698.00 plus essential car user allowance of £1,239.00.

5.3 The median earnings for all other employees in 2018/19 were £21,704.25 (2017/18 £21,268.00) and the mean (average) earnings were £25,394.90 (2017/18 £24,510.70). The median salary is the salary separating the higher half of the salary scale points from the lower half.

5.4 The council's pay ratio demonstrating the relationship between the council's highest paid senior officer and the rest of the workforce uses the basic annual full time equivalent salary for the employees engaged on the council's agreed pay scales.

5.5 The following table shows the relationship between the Chief Executive and the lowest paid employees (as defined in the paragraph above) expressed as a ratio.

Chief Executive : Lowest Graded Established Post Ratio 7:1 (2017/18 8:1)

5.6 The following table shows the relationship between the Chief Executive and the median full time equivalent salary of employees expressed as a ratio.

Chief Executive : Average - Median Full Time Equivalent Salary Ratio 5:1 (2017/18 5:1)

5.7 The following table shows the relationship between the Chief Executive and the mean full time equivalent salary expressed as a ratio.

Chief Executive : Average - Mean Full Time Equivalent Salary Ratio 5:1 (2017/18 5:1)

5.8 The ratios in paragraph 5.5 to 5.7 are based on 2018/19 figures and include Leisure Services Staff. Any changes to the ratios, following the outsourcing of Leisure Services on 1 February 2019, will be reflected in the pay policy statement for 2020/21.

5.9 The above tables show that the ratios for Erewash Borough Council are lower than the pay multiple of 20:1 top pay to lowest pay for public services as considered by the Hutton Review of Fair Pay.

- 5.10 The Hutton Review of Fair Pay also noted that most top to bottom pay multiples in the public sector were in the region of 8:1 to 12:1. Erewash Borough Council's top to lowest pay is 7:1 which is below this range.
- 5.11 The ratios give an indication of the cost to the employer, however it should be noted that the earnings figures stated for employees is the gross value. The actual income received by an individual is subject to the operation of the tax system.
- 5.12 The council does not have a target for the ratio of lowest to highest gross pay. The ratio will reflect national pay policies, evaluation schemes, market forces and guidance that may emerge from time to time.
- 5.13 The general relationship between senior officers' and non senior officers' remuneration follows the principles of 'one work force' but reflecting particular responsibilities and delegations.

6. Policies relating to the elements of remuneration for each senior officer

6.1 New Appointments

Senior officers will normally commence on the minimum point for that grade in common with the normal practice for all staff. However, on occasion and in common with other staff, when seeking to recruit to a senior officer role there may be the need to offer more than the minimum starting salary point for the grade where necessary.

- 6.2 Such circumstances may arise in the event of difficulty and/or failure to recruit to the post. Any decision regarding the starting salary will be based on factors including the relevant experience of the candidate, their potential value to the organisation, the salaries of current staff performing a similar role and the normal pay range for the role.

- 6.3 The decision on the starting salaries of the Chief Executive, Director of Resources and Deputy Chief Executive, Director of Operational Services and the Director of Community Services is reserved for the Members' Appointment Panel. For such appointments Council will be given the opportunity to vote on the salary package to be advertised.

6.4 Market Supplementation

Market supplementation may also be considered where necessary. This involves making additional payments or providing enhanced benefits to staff without compromising the pay and grading structure or deviating from the principles of job evaluation taking account of any legal considerations.

- 6.5 Market supplementation will only be applied where there is strong evidence that pay for a specific role(s) is impacted by an inability to recruit or in some cases is a cause of high turnover.

6.6 Market Supplements are non contractual discretionary payments and are subject to annual review to ensure that they remain necessary to meet their original aim.

6.7 Removal, Lodging and Associated Expenses

Such allowances may be considered (subject to certain qualifying conditions) for new senior appointees who were previously employed outside Erewash Borough Council's service, who reside more than 30 miles from their place of work and who are required by the council to move their home as a direct consequence of the appointment.

7. Increases and additions to remuneration

7.1 Honorarium Payments

On occasion, Erewash Borough Council may consider granting a discretionary honorarium to a senior officer or other employees who performs duties outside the scope of their duties over an extended period, or where the additional duties and responsibilities taken on by employees are exceptionally onerous. The level of such honorarium will be assessed on a case by case basis having due regard to equal pay legislation. Honoraria are non contractual discretionary payments and are subject to annual review to ensure that they remain necessary to meet their original aim.

7.2 Car User Allowance

As stated in paragraph 3.6 senior officers are entitled to receive an essential car user allowance. The amount of the allowance is determined nationally through the NJC for Local Government Services. Senior officers along with all employees in receipt of essential or casual car allowance are eligible to access the council's car loan scheme.

7.3 Electoral Returning Officer Fees

The Deputy/ Returning Officer's fees are payments made to a nominated senior officer (at Erewash Borough Council, this is the Chief Executive) for being in charge of the running of Local, European and Parliamentary elections and National Referenda. Returning Officer fees are paid in addition to the Chief Executive's remuneration and reflect the personal responsibility for the proper conduct of the elections/referenda.

7.4 National Referenda, European and Parliament elections are funded by central government and are therefore not related to Erewash Borough Council's terms and conditions. The council does not govern the fee payable to the Returning Officer for these elections. Fees payable for Borough and County elections are set on a county wide basis.

7.5 Professional Fees

Reimbursement of professional membership fees will be considered by Erewash Borough Council in circumstances where it is a requirement that the senior officer holds such professional membership in order to be able to effectively undertake the duties of their role.

7.6 Employee Assistance Programme

Erewash Borough Council offers a confidential and impartial advice service to provide advice and support for all employees through an external employee assistance programme.

7.7 Child Care Salary Sacrifice Scheme

Erewash Borough Council currently offers a salary sacrifice scheme to employees through an external Child Care Voucher Provider to help with the costs of childcare for employees. It should be noted that salary sacrifice childcare vouchers closed to new entrants with effect from 4 October 2018 and therefore this provision only applies to employees who had joined the scheme prior to this date.

7.8 Fit for Work Scheme

Erewash Borough Council's Fit for Work scheme offers all staff a discount on leisure membership at the leisure centres within the council's leisure services contract. The scheme gives all employees access to gyms, swimming pools and other exercise classes.

7.9 Local Government Pension Scheme

All council employees are entitled to join the Local Government Pension Scheme (LGPS) which is offered by Local Government Employers. If new employees are eligible for membership of the LGPS, they will automatically become a member of the scheme although they may choose to opt out.

As permitted by the LGPS regulations, the council's approved policy is to consider applications for flexible retirement, i.e. an employee may be in receipt of a pension and be employed by the council, subject to certain qualifying conditions. No senior officers are currently on flexible retirement and any such requests for flexible retirement would be referred to the General Purposes Committee for a decision.

The 2018/2019 current employee contribution rates to the LGPS scheme are tiered according to the following table based on the 2014 definition of pensionable pay including pensionable allowances (i.e. is based on pay reduced for part time).

Annual pensionable pay	Employee Contribution rate
Up to £14,100	5.5%
£14,101 to £22,000	5.8%
£22,001 to £35,700	6.5%
£35,701 to £45,200	6.8%
£45,201 to £63,100	8.5%
£63,101 to £89,400	9.9%
£89,401 to £105,200	10.5%

£105,201 to £157,800	11.4%
More than £157,801	12.5%

- These band ranges are reviewed periodically.
- Employees pay contributions on their annual pay including pensionable allowances, additional hours and overtime.
- The contribution band for part-time employees is to be determined by their actual annual pay (including allowances, additional hours and overtime) and not the full-time equivalent.
- Employees may elect for the 50/50 section of the scheme and would pay half of the main section contribution rate.
- Employers also pay contributions towards the total cost of the scheme. (The council's employer pension contribution rate for 2018/2019 is 26% and for 2019/2020 is 27.8%).

8. The approach to the payment of senior officers on their ceasing to hold office or to be employed by the authority

- 8.1 Erewash Borough Council complies with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. The policy for the award of discretionary payments is the same for all staff regardless of their pay level.
- 8.2 In exceptional circumstances, the council may determine the appropriateness of negotiated exit settlements for employees including senior officers where it is considered to be in the council's best interests. Any such negotiated exit settlements will be subject to legal confidentiality agreements and approved by the appropriate council body in accordance with the council's Constitution and Scheme of Delegation.
- 8.3 As recommended by the Openness and Accountability in Local Pay Supplementary Guidance the council will be given the opportunity to vote on any severance payments at the level of £100,000 or above (including any components such as any salary paid in lieu, redundancy compensation, pension strain, holiday pay and any bonuses, fees or allowances paid).
- 8.4 Furthermore, the council will have due regard to any legislative changes implemented during the financial year 2019/2020 in respect of any proposed restrictions on exit payments.
- 8.5 **Re-employment**
The council generally will not re-employ senior officers made redundant except for cases of redeployment. Were an exceptional circumstance to arise, a potential appointment would then be referred to a Member committee – e.g. General Purposes Committee or Appointment Panel for a decision.

8.6 The council will have due regard to any legislative changes implemented during the financial year 2019/2020 in respect of the proposed provision to reclaim exit payments made to high earners who return to the public sector within 12 months of receiving a qualifying exit payment.

9. Disclosure

9.1 The Pay Policy Statement will be published on the council's website and copies will also be available on request from Erewash Borough Council's offices at Long Eaton Town Hall and Ilkeston Town Hall.