

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2017/18

1. Introduction – Requirement for Council Pay Policy Statement

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2017.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency 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 the workforce.

2. Organisational Context

- 2.1 The Council recognises that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to be able to attract and retain talented people at all levels of the organisation. The Council continues to face very significant budget and demand challenges.
- 2.2 The Council has strengthened and realigned its senior management team in a number of areas, in order to give capacity to take forward Ambition 2020 from design to implementation phase and the Council’s response to the Growth Commission proposals. This is reflected in this Pay Policy Statement. The number of senior posts has increased slightly, although this will be subject to review in 2017 as the Council moves into the implementation of its new service delivery blocks of Be First, My Place and Community Solutions.

3. Pay and Reward Principles

- 3.1 The approach to pay and reward continues to be based on the following principles:
- Pay levels are affordable for the Council, at a time when it is making some very difficult decisions about spending on services to the community;
 - The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship.

- 3.2 Pay levels are determined through “job evaluation”. For staff at PO6 and below, the Council generally uses the Greater London Provincial Council job evaluation system. For posts at PO7 and above, the HAY job evaluation system is used. Pay point 49 (£45,666) is at the top of PO6 and bottom of PO7. Each system assesses the relative “size” of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.
- 3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale. The Council has committed to pay no less than the “London Living Wage” to its own staff or agency workers working with the Council. A new rate of £9.75 per hour (from £9.40 per hour) was applicable with effect from 31 October 2016.

4. Defining “Chief Officers”

- 4.1 At the start of the 2017/18 financial year, the Council expects to have within its structure the following Chief Officer posts:
- Chief Executive (and Head of Paid Service)
 - Strategic Director for Service Development and Integration (and Deputy Chief Executive)
 - Chief Operating Officer (Section 151 Officer)
 - Strategic Director for Growth and Homes
 - Director of Law and Governance (and Monitoring Officer) (0.7fte)
 - Finance Director
 - Director of Strategy & Programmes
 - Director of Public Health
 - Director, Community Solutions
 - Director, My Place
 - Commercial Lead
 - Commissioning Director, Culture and Recreation
 - Commissioning Director, Children’s Care and Support
 - Commissioning Director, Adults’ Care and Support
 - Commissioning Director, Education
 - Operational Director, Enforcement
 - Operational Director, Adults’ Care and Support
 - Operational Director, Children’s Care and Support
 - Commercial Director, Traded Services (one-year fixed term)
 - Operational Director, Public Realm (two-year fixed term)

5. Accountability for Chief Officers Pay

- 5.1 The pay arrangements for chief officers are overseen by the JNC Salaries and Conditions Panel, appointed by the Council’s Assembly.
- 5.2 The Council’s Constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader (who shall be Chair), the Deputy Leader(s) of the Council, the relevant Portfolio Holder(s) and two non-Cabinet councillors (selected by the Chief Executive, in consultation with the Leader, from a pool of four non-Cabinet councillors appointed by the Assembly), to consider and make final decisions in relation to:

- (a) salaries and conditions for JNC officers (including the Chief Executive);
- (b) the grading of any new JNC posts in line with Council policy; and
- (c) senior management (JNC) structures / reorganisations.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years. In undertaking reviews, account is taken of the market, particularly the market in London, to ensure the Council can compete successfully for the talent it needs to lead and manage in the current challenging environment.

6.1.2 The salary benchmarking information comes from the LGA ePayCheck survey. The latest information held is from 2014/15. There was a 91% response rate to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

CX	- £175,313
Exec Director	- £133,725
Director	- £102,977
Assistant Director	- £89,869 (pre 1% pay award in April 2015, for roles below £100k)

6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.2 Chief Executive

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased by 1% in line with nationally negotiated pay awards in April 2016 and will increase by a further 1% in April 2017.

6.3 Chief Officer Pay Range

6.3.1 The Chief Officer pay range was last reviewed in 2013. The grades increased by 1% in line with nationally negotiated pay awards in April 2016 and will increase by a further 1% in April 2017. There are no proposals to review this pay range in 2017/18. The pay range from April 2017 is as follows:

CO1	£81,929
CO2	£93,398
CO3	£103,230
CO4	£110,845
CO5	£122,412
CO6	£134,405

- 6.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing amounts of risk and responsibility being carried at that level.
- 6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBB (excl. on-costs)
Chief Executive (Head of Paid Service)	Individual spot salary	£168,316
*Deputy Chief Executive, **Chief Operating Officer & Strategic Directors	CO6 (spot salary)	£134,405 - £146,450
Directors & Operational and Commissioning Directors	CO2 – CO5 (spot salary)	£93,398 - £122,412
Director of Public Health	Individual spot salary	£88,269

*The Strategic Director for Service Development and Service Integration (and Deputy Chief Executive) is paid a salary in recognition of the level of risk and responsibility held as statutory Director of Children’s Services and Director of Adult Services and the additional responsibility of Deputy Chief Executive. This salary was benchmarked at £145,000.

**The Chief Operating Officer role includes the statutory Chief Financial Officer (S.151) responsibility as well as a range of operational functions and was benchmarked at £140,000.

7. Contingent Pay

- 7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.
- 7.2 The Operational Director: Children’s Care and Support receives a market supplement of £10,000 to recognise the challenges of recruiting in this market.

8. Pensions

- 8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing your employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of the change, be separately notified to you or otherwise incorporated in the documents to which you have reference".

9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.

10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

11.2 The Government is introducing, through the Small Business, Enterprise and Employment Act 2015, a £95,000 cap on "exit payments". Enabling regulations bringing in section 41 of the Enterprise Act 2016 came into force on 1 February 2017 which give the power for exit pay cap regulations to be made and a date for implementation of those regulations is expected in April 2017. This will limit the amount a public sector worker could be paid for losing their job to £95,000. This will apply to all staff but predominately high earners and will cover:

- Redundancy payments
- Payments on voluntary exits
- Pension strain costs
- Severance or ex-gratia payments
- Payment for outstanding entitlement
- Compensation under the terms of a contract
- Pay in lieu of notice

- Any other payments made as a result of loss of employment.

11.3 A different set of regulations, The Repayment of Public Sector Exit Payment Regulations 2016, due to come into force in 2017, will set out the liability to repay any exit payment if the exit payee returns to the same 'sub-sector' within 12 months of receiving the payment. If the individual returns to the same sub-sector within 28 days the whole amount is due, thereafter tapering arrangements become operational. The Assembly may exercise a waiver to exclude such a repayment. If a waiver is issued it must be published along with the reasons for doing so in the preceding twelve months at the beginning of a financial year or published in the annual accounts. Guidance is awaited on the exercise of a waiver. If reclaimed, an exit repayment is made to the 'old' employer and the sum passed through to the Treasury.

12. Retirement

12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over or who are retired on redundancy or efficiency grounds over age 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.

12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

13. Redundancy

13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has a redundancy multiplier which provides for a maximum of 45 weeks' pay depending on length of service.

14. Settlement Agreements

14.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

15. Fairness and Equality

15.1 Pay Ratios

15.2 It was agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship

schemes). This supports the Council's ambition to raise average local household incomes, and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £9.75 per hour (equivalent to an annual salary of £17,792) with effect from 31 October 2016.

- 15.3 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee, the Chief Executive and lowest paid employee - is 1:9.5 (1:9.6 in 2016/17).
- 15.4 The ratio between the Chief Executive's salary level and the median earnings figure for all employees in the Council is 1:6.93. The median annual salary is for all employees at 1 April 2016 was £24,027 pa with the average salary being £27,259. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements
- 15.5 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils 2015 Senior Staff Pay Data). The variance in LBB is attributable to the retention of in-house services such as catering and cleaning.

16. Any Additional Reward Arrangements

- 16.1 There are none in place.