

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2014/15

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 covers the 2014/15 financial year.
- 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. Pay and Reward Principles

- 2.1 The Council recognises that if it is to serve its communities well and deliver the objectives in the Community Strategy, it needs to be able to attract and retain talented people at all levels of the organisation. The Council’s People Strategy describes the actions we will take to ensure that we have

“the right people, with the right skills in the right places, with the right kinds of management and leadership, motivated to perform well”

- 2.2 One of the things that we must get right if we are to achieve this is our approach to reward for staff at all levels.
- 2.3 Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis. Our approach to pay is designed to ensure:
- Pay levels are affordable for the Council, at a time when we are making some very difficult decisions about spending on services to the community;
 - We can demonstrate fairness and equity in what we pay people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable us to recruit and retain the quality of staff we need to help us achieve our objectives at a time of financial hardship.

- 2.4 The Council remains committed to being part of the local government national pay negotiation structure (overseen by the National Joint Council). The Council has also committed to pay all its employees in substantive posts an annual salary, which equates to at least £9 per hour.
- 2.5 Pay levels are determined through a job evaluation system. For staff at PO6 and below we generally use the Greater London Provincial Council job evaluation system. For posts at PO7 and above we use the HAY job evaluation system. Pay point 49 (£43,802) 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.
- 2.6 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 LBBB pay scale.

3. Defining “Chief Officers”

- 3.1 The implementation of savings plans has seen a reduction in the number of “chief officer” posts year on year. At the start of the 2014/15 financial year, the Council will employ the following Chief Officers:

- Chief Executive (Head of Paid Service) (0.5fte)
- Corporate Director of Adult and Community Services
- Corporate Director of Children’s Services
- Corporate Director of Housing and Environment (0.66 fte)
- Director of Growth (0.5 fte)
- Director of Public Health
- Chief Finance Officer (Section 151 Officer)
- Head of Legal and Democratic Services (Monitoring Officer) (0.5fte)
- Divisional Director - Human Resources and Organisational Development
- Divisional Director - Regeneration
- Divisional Director - Housing Strategy
- Divisional Director - Housing and Neighbourhoods
- Divisional Director - Environment
- Divisional Director - Strategic Commissioning and Safeguarding
- Divisional Director - Targeted Support
- Divisional Director - Complex Needs and Social Care
- Divisional Director - Education
- Divisional Director - Culture and Sport
- Divisional Director - Adult Social Care
- Divisional Director - Commissioning and Partnerships

4. Accountability for Chief Officers Pay

- 4.1 The pay arrangements for chief officers are overseen by a Panel (called the JNC Salaries and Conditions Panel) appointed by the Council’s Assembly.

- 4.2 The Council's constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader and Deputy Leader of the Council (as Chair and Deputy Chair respectively), the relevant Portfolio Holder(s), the Cabinet Member for Finance plus at least two other councillors, to consider and make final decisions in relation to salaries and conditions for JNC officers (including the Chief Executive) and the grading of any new JNC posts in line with Council policy.

5. Current Pay Policy and Base Pay Rates

5.1 Setting Salary Levels

- 5.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. Spot salary levels were set for Chief Officer roles in 2008. There is a commitment to review salary levels every three years. In undertaking reviews, account is taken of the market, particularly the market in London.

- 5.1.2 In 2008 salaries were set at the top of the third quartile in comparison with equivalent roles in London at that time. This reflected the fact that whilst the London Borough of Barking and Dagenham is one of the smaller boroughs in terms of population, it is a community that faces significant challenges and therefore the view was taken that we needed to attract a good choice of senior staff with the appropriate skills and experience.

- 5.1.3 Divisional Directors' salaries were reviewed in December 2010, following structural changes made in preparation for the 2011/12 financial year. Corporate Directors' salaries have not been reviewed since 2008. A recent benchmarking exercise suggests that in most cases the salary levels for Corporate Directors and Divisional Directors are around the median level for posts around London and it is appropriate to pay at that level or just below, given the size of the borough, the state of the employment market and the pressure on LBBB budgets.

5.2 Chief Executive

- 5.2.1 The current Chief Executive was appointed initially on an interim basis in July 2012 and then permanently, subject to due notice on either side. The post is shared with Thurrock Council and the salary paid by Thurrock to the post holder is £185,000. The contribution towards the Chief Executive's salary by this Council is therefore £92,500 per annum plus on-costs. The previous LBBB Chief Executive was on a salary of £150,000.

5.3 Chief Officer Pay Range

- 5.3.1 The Chief Executive reviewed the Chief Officer pay range as part of a broader look at senior pay (which was conducted in consultation with the JNC Panel). The Chief Officer pay range was amended and the top and bottom points removed and two new points added to give greater flexibility on pay (as shared posts are created for example). The pay range is as follows:

CO1	£78,740
CO2	£89,763
CO3	£99,212
CO4	£108,661
CO5	£120,000
CO6	£131,757

5.3.2 It is appropriate for there to be some differentiation in pay levels at Divisional Director level because of the differing amounts of risk and responsibility being carried at that level.

5.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 3.1 above:

Position	Post Status	Grade of Post	Salary cost to LBBB (excl. on-costs)
Chief Executive (Head of Paid Service)	0.5 full-time equivalent (fte) - shared with Thurrock Council (employing authority)	Not applicable (see paragraph 5.2.1 for further details)	£92,500
Corporate Director, Adult and Community Services	Full time	CO6	£131,757
Corporate Director, Children's Services	Full time	CO6	£131,757
Corporate Director, Housing and Environment	0.66 fte - shared with Thurrock Council	CO6	£87,838
Director of Growth	0.5 fte - shared with Thurrock Council (employing authority)	Not applicable (see paragraph 5.4.2 for further details)	£51,500
Director of Public Health	Full time	Not applicable (see paragraph 5.4.1 for further details)	£90,000
Chief Finance Officer (Section 151 Officer)	Full time	Not applicable (see paragraph 5.5 for further details)	£111,898
Head of Legal and Democratic Services (Monitoring Officer)	0.5 fte - shared with Thurrock Council	CO2	£44,881.50
Divisional Director, Human Resources and Organisational Development	Full time	CO2	£89,763
Divisional Director, Regeneration	Full time	CO4	£108,661
Divisional Director, Housing Strategy	Full time	CO2 + supplement (see paragraph 7.2 for further details)	£90,020.52

Divisional Director, Housing and Neighbourhoods	Full time	CO2	£89,763
Divisional Director, Environment	Full time	CO2	£89,763
Divisional Director, Strategic Commissioning and Safeguarding	Full time	CO4	£108,661
Divisional Director, Targeted Support	Full time	CO2	£89,763
Divisional Director, Complex Needs and Social Care	Full time	CO2 + market supplement (see paragraph 7.2 for further details)	£99,763
Divisional Director, Education	Full time	CO2	£89,763
Divisional Director, Culture and Sport	Full time	CO2	£89,763
Divisional Director, Adult Social Care	Full time	CO2	£89,763
Divisional Director, Commissioning and Partnerships	Full time	CO4	£108,661

5.4. Directors of Public Health and Growth

5.4.1 Following the transfer of responsibility for public health to local authorities, we have from 1st April 2013, established a Director of Public Health post. The post holder has transferred across from the NHS on current pay (£90,000) and terms and conditions, under TUPE.

5.4.2 A post of Director of Growth has been created, initially on a temporary basis until June 2014. The postholder is on a Thurrock Council salary rate of £103,000 and the contribution towards the salary by this Council is therefore £51,500 per annum plus on-costs.

5.5 Chief Finance Officer

5.5.1 The former post of Divisional Director of Finance was grade CO4 and carried a market supplement of £3,237. That post and the Corporate Director of Finance and Resources post were replaced with the new post of Chief Finance Officer in July 2013. The previous market supplement was consolidated into the grade to create an individual spot salary of £111,898 for the Chief Finance Officer position.

6. Shared Posts

6.1 Where posts are shared, regular payments are made between the respective Councils to meet the salary payments and on-costs.

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 There are two additional historic payments made to senior staff over and above basic salary:

- Divisional Director, Complex Needs and Social Care - £10,000 per annum (market supplement)
- Divisional Director, Housing Strategy - £257.52 per annum (experience and length of service payment)

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:

"Where adopted by the Council for your employment group and unless otherwise indicated in this statement, your terms and conditions of employment are as set out in the NJC (National Joint Council) for Local Government Services otherwise called the "Green Book". These terms and conditions may be supplemented by agreements reached collectively at the Greater London Provincial Council and at the Council's Employee Joint Consultative Committee."

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 they undertake. All election fees paid are additional to Council salary and are subject to normal deductions for 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 Retirement

11.2.1 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.

11.2.2 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.

11.3 Redundancy

11.3.1 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 Chief Officers. The scheme was amended in November 2011 and a maximum of 45 weeks of actual pay is payable depending on length of service. This scheme may be amended from time to time in accordance with the Council's Constitution

11.4 Settlement Agreements

11.4.1 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 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. Should such a matter involve the departure of a Director or the Chief Executive it will only be agreed following external legal advice that it would be lawful and reasonable to pay it.

12. Fairness

12.1 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 household incomes and believes this to be an important statement in terms of pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments.

12.2 The closest existing pay point to £9 per hour is £16,647. Based on this figure, the Council's pay multiple - the ratio between the highest paid employee and lowest paid employee - is 1:8 (1:10 in 2012/13), if we consider the Council's highest paid

employees to be the Corporate Directors on salaries of £131,757 per annum. However if we take the Chief Executive's full salary as the comparator, the ratio is 1:11.

- 12.3 The ratio between the Corporate Directors' salary level and the median earnings figure for all employees in the Council is 1:6.67 (1:9.36 when compared to the Chief Executive's full salary). The median earnings figure is for all employees as at December 2013 was £19,758 pa.
- 12.4 Across London the average ratio between the highest and lowest salaries is 1:7.2, based on an average Chief Executive salary of £180,000 and a median gross pay figure for all staff of £24,944.

13. Any Additional Reward Arrangements

- 13.1 There are none in place.

If there are any enquiries about these arrangements please apply to Martin Rayson, Divisional Director, Human Resources and Organisational Development (martin.rayson@lbbd.gov.uk)